Notice to reader

The audited financial statements as at and for the years ended July 31, 2020 and 2019 and for the period from January 17, 2018 (date of incorporation) to July 31, 2018 have been amended to clarify the description of the business outlined in note 1. Other than this amendment, there are no other changes to the audited financial statements.

Financial statements of

Mednow Inc.

As at and for the years ended July 31, 2020 and 2019 and for the period from January 17, 2018 (date of incorporation) to July 31, 2018

Mednow Inc.

As at and for the years ended July 31, 2020 and 2019 and for the period from January 17, 2018 (date of incorporation) to July 31, 2018

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Independent Auditor's Report

To the Shareholders of Mednow Inc:

Opinion

We have audited the financial statements of Mednow Inc. (the "Company"), which comprise the statements of financial position as at July 31, 2020, July 31, 2019 and July 31, 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years ended July 31, 2020 and 2019 and the period from January 17, 2018 (date of incorporation) to July 31, 2018 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020, July 31, 2019 and July 31, 2018, and its financial performance and its cash flows for the years ended July 31, 2020 and 2019 and the period from January 17, 2018 to July 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a loss and comprehensive loss of $469,502 during the year ended July 31, 2020, and, as of that date, the Company's accumulated deficit was $487,852. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

The Management's Discussion and Analysis is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

MNP LLP

Waterloo, Ontario — Chartered Professional Accountants

September 11, 2020 — Licensed Public Accountants

MNP LLP

Mednow Inc.

Statements of loss and comprehensive loss

For the years ended July 31, 2020 and 2019 and the period from January 17, 2018 (date of incorporation) to July 31, 2018

(In Canadian dollars, except where otherwise stated)

	2020	2019	2018
	$	$	$
Expenses			
Marketing & sales	**83,562**	2,766	-
General & administrative expenses (Note 7)	**385,940**	8,855	6,729
Net loss and comprehensive loss	**469,502**	11,621	6,729
Net loss and comprehensive loss per share, basic & diluted (Note 10(e))	**(0.06)**	(0.00)	(0.00)
Weighted average number of shares outstanding, basic & diluted (Note 10(e))	**8,468,324**	6,145,000	6,145,000

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

Mednow Inc.

Statements of financial position

As at July 31, 2020, 2019 and 2018

(In Canadian dollars, except where otherwise stated)

	2020	2019	2018
	$	$	$
Assets			
Current assets			
Cash	**5,255,396**	61	61
Sales tax receivable	**68,391**	-	-
Total current assets	**5,323,787**	61	61
Non-current assets			
Intangible assets (Note 6)	**217,000**	118,078	-
Total non-current assets	**217,000**	118,078	-
Total assets	**5,540,787**	118,139	61
Liabilities and shareholders' equity (deficit)			
Current liabilities			
Due to related parties (Note 8)	**46,033**	132,578	5,379
Accounts payable and accrued liabilities	**108,650**	3,850	1,350
Total liabilities	**154,683**	136,428	6,729
Shareholders' equity (deficit)			
Share capital (Note 10)	**4,747,032**	61	61
Warrants (Note 10)	**1,126,924**	-	-
Deficit	**(487,852)**	(18,350)	(6,729)
Total shareholders' equity (deficit)	**5,386,104**	(18,289)	(6,668)
Total liabilities and shareholders' equity (deficit)	**5,540,787**	118,139	61

Going concern (Note 2)

Approved by the Board on September 11, 2020

"Ali Reyhany" Director

"Kia Besharat" Director

Mednow Inc.

Statements of changes in shareholders' equity (deficit)

For the years ended July 31, 2020 and 2019 and the period from January 17, 2018 (date of incorporation) to July 31, 2018

(In Canadian dollars, except where otherwise stated)

	Share capital	Warrants	Deficit	Total
	$	$	$	$
Opening balance as at January 17, 2018	61	-	-	61
Net loss and comprehensive loss	-	-	(6,729)	**(6,729)**
Balance as at July 31, 2018	**61**	**-**	**(6,729)**	**(6,668)**
Net loss and comprehensive loss	-	-	(11,621)	(11,621)
Balance as at July 31, 2019	**61**	**-**	**(18,350)**	**(18,289)**
Share issuance (Note 10)	5,420,356	1,567,143	**-**	6,987,499
Transaction costs (Note 10)	(673,385)	(440,219)	**-**	(1,113,604)
Net loss and comprehensive loss	-	-	(469,502)	(469,502)
Balance as at July 31, 2020	**4,747,032**	**1,126,924**	**(487,852)**	**5,386,104**

Mednow Inc.

Statements of cash flows

For the years ended July 31, 2020 and 2019 and the period from January 17, 2018 (date of incorporation) to July 31, 2018
(In Canadian dollars, except where otherwise stated)

	2020	2019	2018
	$	$	$
Operating activities			
Net loss and comprehensive loss	(469,502)	(11,621)	(6,729)
Changes in working capital		-	-
Increase in sales tax receivable	(68,391)	-	-
Increase in accounts payable and accrued liabilities	104,800	2,500	1,350
Net cash (used in)/provided by operating activities	**(433,093)**	(9,121)	(5,379)
Investing activities			
Investment in intangible assets (Note 6)	(98,922)	(118,078)	-
Net cash used in investing activities	**(98,922)**	(118,078)	0
Financing activities			
(Decrease) increase in amounts due to related parties	(86,545)	127,199	5,379
Issuance of share capital and warrants, net of transaction costs	5,873,895	-	61
Net cash provided by financing activities	**5,787,350**	127,199	5,440
Increase in cash	**5,255,335**	-	61
Cash at the beginning of the period	61	61	-
Cash at the end of the period	**5,255,396**	61	61

1. General information

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

The Company is a technology company that has developed a proprietary website and a web application to facilitate the sale and distribution of prescription medications. The Company's web application is accessible and compatible with the internet browsers Safari, Google Chrome, Mozilla FireFox, and Microsoft Edge on mobile phones and on personal computers. Through its proprietary technological infrastructure, the Company plans to provide customers with a convenient and secure way to fill, order, receive and manage their prescriptions without having to physically attend a brick and mortar pharmacy. As of July 31, 2020, the Company did not have any subsidiaries.

2. Basis of presentation

Statement of compliance

The Company's financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This is the Company's first set of financial statements under IFRS. The Company has previously not prepared financial statements under a basis of accounting. The Company has applied the accounting policies in Note 3 since incorporation.

Mednow's financial statements for the periods ended July 31, 2020, 2019 and 2018, were prepared by management and authorized for issuance by the Board of Directors of the Company on September 11, 2020.

Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Going concern

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

The Company had a loss and comprehensive loss of $469,502 for the period ended July 31, 2020 (2019: $11,621, 2018: $6,729). As the Company has not yet achieved profitable operations, the Company has, since its inception, accumulated a deficit to July 31, 2020, of $487,852 (July 31, 2019: $18,350, July 31, 2018 $6,729) and expects to incur further losses in the development of its business.

As at July 31, 2020, the Company had $5,255,396 (July 31, 2019: $61, July 31, 2018: $61) in cash.

The Company does not currently have revenue-generating activities and during the year ended July 31, 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian government regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, and staff shortages, all of which may negatively impact the Company's business and financial condition.

2. Basis of presentation (continued)

The Company's ability to continue operations in the normal course of business is dependent on several factors including its ability to secure additional funding and obtain profitable operations. Management is exploring all available options to secure additional funding, including equity and loan financing.

There is no assurance that the financing required will be maintained on favorable terms, or at all, or that the Company will succeed in identifying and pursuing new lines of business. Such matters indicate the existence of material uncertainties about the Company's ability to continue as a going concern and may cast significant doubt upon the validity of the going concern assumption.

These financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to the statement of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

3. Significant accounting policies

Cash

Cash is comprised of cash at banks and on hand.

Intangible assets and research and development costs

Intangible assets are initially recorded at their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Intangible assets are amortized when they are available for use.

Website costs are capitalized where the expenditure is incurred on developing an income generating website and when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- It's intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

All research costs are expensed as incurred. Subsequent expenditures are capitalized only if it increases the future economic benefits embodied in the website. All other expenditures, including operating costs, are recognized in loss and comprehensive loss.

The Company's intangible assets are comprised of internally developed software and are amortized over the estimated useful life of 3 years.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of loss and comprehensive loss.

Impairment of non-financial assets

The Company reviews the carrying value of non-financial assets for potential impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows or cash generating units ("CGUs"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount.

3. Significant accounting policies (continued)

For non-financial assets other than goodwill, a previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Measurement

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets or financial liabilities carried at FVTPL are expensed in profit or loss.

Measurement in subsequent periods depends on the classification of the financial instrument. The Company classifies its financial instruments depending on the purpose for which the instruments were acquired and their characteristics.

Financial asset

For the subsequent measurement, there are two measurement categories into which the Company classifies its financial assets:

Amortized cost

Financial assets measured at amortized cost are debt financial instruments with contractual cash flows that meet the strictly principal and interest ("SPPI") test and are managed on a hold to collect basis. These financial assets are recognized initially at fair value plus or minus direct and incremental transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method, net of an allowance for expected credit losses.

Fair value through profit or loss

Trading financial instruments are mandatorily measured at FVTPL as they are held for trading purposes or are part of a managed portfolio with a pattern of short-term profit taking. Non-trading financial assets are also mandatorily measured at fair value if their contractual cash flow characteristics do not meet the SPPI test or if they are managed together with other financial instruments on a fair value basis. Trading and non-trading financial instruments valued at FVTPL are remeasured at fair value as at the statement of financial position date.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

3. Significant accounting policies (continued)

Fair value through other comprehensive income

Debt financial instruments measured at fair value through other comprehensive income (“FVOCI”) are non-derivative financial assets with contractual cash flows that meet the SPPI test and are managed on a hold to collect and for sale basis. Subsequent measurement of debt instruments classified at FVOCI under IFRS 9 - Financial Instruments (“IFRS 9”) operates in a similar manner to available for sale debt securities under IAS 39 - Financial Instruments: Recognition and Measurement, except that the expected credit loss (“ECL”) impairment model must be applied to these instruments under IFRS 9. As a result, FVOCI debt instruments are measured initially at fair value, plus direct and incremental transaction costs. Subsequent to initial recognition, FVOCI debt instruments are remeasured at fair value through other comprehensive income (“OCI”), with the exception that both related foreign exchange gains or losses and changes in ECL allowances are recognized in the statement of net earnings and comprehensive income.

Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss (irrevocable election at the time of recognition). Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

The Company has classified its financial instruments as follows:

Financial instrument	**Classification**	**Measurement**	**Fair Value Hierarchy**
Assets			
Cash	Amortized cost	Amortized cost	N/A
Liabilities			
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	N/A
Due to related parties	Amortized cost	Amortized cost	N/A

Impairment

The Company recognizes expected credit losses (“ECL”) for receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date for the date of the respective receivable. As receivables are currently comprised of sales tax recoverable, the Company has assessed the ECL as nil. The Company will established a provision matrix when the Company has revenues that will be based on its history of credit losses, adjusted for prospective factors specific to the economic environment in which it operates and for any financial guarantee related to the receivables.

Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is determined using the Black-Scholes option pricing model.

3. Significant accounting policies (continued)

Income taxes

Income taxes recognized in the statement of loss and comprehensive loss include current and deferred taxes. Current taxes are the expected income taxes payable or recoverable on the taxable income or loss for the period, using tax rates enacted or substantively enacted, at the reporting date and any adjustment to income taxes payable in respect of the previous periods.

Deferred tax is recognized on loss carry-forwards and tax credits, and on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of any deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred taxes are recognized as an expense or income in the statement of loss and comprehensive loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Loss per share

Basic loss per share is computed by dividing net loss of the Company by the weighted average number of common shares outstanding during the period.

The dilutive effect on loss per share is calculated presuming the exercise of outstanding warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of dilutive loss per share excludes the effects of various conversions and exercise of warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Potentially dilutive Common Shares, relating to warrants outstanding as at July 31, 2020, 2019 and 2018, were not included in the computation of loss per share because their effect was anti-dilutive.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2 above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future estimates.

Critical accounting judgments

Deferred tax

Management applied judgment in determining 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.

Going concern

As described in significant accounting policies, basis of presentation and going concern within Note 2, management uses its judgment in determining whether the Company is able to continue as a going concern. Considerations take into account all available information about the availability of capital financing, current working capital funds, and future commitments and obligations.

Share-based payments

The Company applied judgment when measuring the fair value of the warrants granted to shareholders and agents using the Black-Scholes option pricing model, which incorporates assumptions regarding the expected life of the share/conversion option, volatility, dividend yield, and risk-free rates.

The Company is required to calculate the fair value of the warrants at the issuance date.

Impairment of non-financial assets

The Company makes a number of estimates when calculating recoverable amount in its impairment test through the use of the fair value less costs of disposal and the value in use methods. The Company currently focuses on the fair value less costs of disposal method as it is in the start up phase. Under this method, significant estimates include an estimated fair value of the Company's shares and the associated costs to dispose of the Company. The Company considers there to be one CGU for the purposes of the impairment test.

5. Accounting standards issued but not yet applied

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee that are mandatory for fiscal periods beginning on or after January 1, 2020. The standards impacted that may be applicable to the Company are as follows:

(a) Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, clarifying the definition of material. Under the amended definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments also clarify the explanations accompanying the definition of material. The amendments are effective for periods starting January 1, 2020 and are required to be applied prospectively. Early adoption is permitted. The implementation of these amendments is not expected to have a significant impact on the Company.

(In Canadian dollars, except where otherwise stated)

5. Accounting standards issued but not yet applied (continued)

(b) Amendments to IFRS 3: Definition of Business

In October 2018, the IASB issued amendments to IFRS 3 - Business Combinations ("IFRS 3"). The amendments narrowed and clarified the definition of a business. The amendments will help companies determine whether an acquisition is a business or a group of assets. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business. The amendments apply to transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Early adoption is permitted. The implementation of these amendments is not expected to have a significant impact on the Company.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's annual financial statements.

6. Intangible asset

	Software
Cost	
As at July 31, 2018	-
Additions	118,078
As at July 31, 2019	**118,078**
Additions	98,922
As at July 31, 2020	**217,000**

The Software is not currently available for use and therefore no amortization has been recorded as at July 31, 2020.

7. Administrative expenses

		Period ended July 31,	
	2020	2019	2018
	$	$	$
Travel and meals	**8,399**	-	-
Management fee	**10,000**	-	-
Supplies	**70,880**	-	-
Legal and professional	**58,406**	2,500	1,350
Payroll and subcontractor	**119,527**	1,017	-
Director fees	**54,000**	-	-
Office	**64,728**	6,355	5,379
Total	**385,940**	**8,855**	**6,729**

(In Canadian dollars, except where otherwise stated)

8. 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 and was included in general & administrative expenses on the statement of loss and comprehensive loss and was as follows:

	Period ended July 31,		
	2020	2019	2018
	$	$	$
Management compensation	**84,983**	-	-
Director compensation	**54,000**	-	-
Total	**138,983**	-	-

For the period ended July 31, 2020, the Company completed the following share issuances and brokered and non-brokered private placements, the details and principal consequences of which are set out below:

i) In May 2020, a company owned by a Director of the Company subscribed to 750,000 Class A common shares for $0.00001 per share for total proceeds of $7.50.

ii) In June 2020, the acting Chief Executive Officer of the Company, through a corporation controlled by him and a person related to him subscribed to 190,909 units for $0.55 per unit for total proceeds of $105,000. Each unit consisted of 1 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 (defined herein), one additional common share of the Issuer at an exercise price of $0.80.

Liquidity Event means the occurrence of 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.

iii) In July 2020, a person related to a Director of the Company subscribed to 43,750 unit for $1.75 per unit for total proceeds of $76,563. Each unit consisted of 1 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 common share of the Issuer at an exercise price of $2.63.

For the period ended July 31, 2018, the acting Chief Executive Officer of the Company subscribed to 1,000,000 Class A common shares at $0.00001 per share and two Directors of the Company, through a trust, subscribed to 5,145,000 Class A common shares at $0.00001 per share.

(In Canadian dollars, except where otherwise stated)

8. Related party transactions (continued)

The Company entered into an exclusive service agreement with Innovation Pharmacare Inc. ("Innovation") dated November 11, 2019, pursuant to which Innovation will fill and manage prescriptions of the Company's clientele in consideration for a payment to Innovation at a rate of $4.00 per pharmacist-patient dispensing interaction. Innovation is owned and controlled by Care Health Inc. ("Care Pharmacies"), the largest shareholder of Mednow and has pharmacy locations across Canada. Care Pharmacies will act as the Company's fulfillment centres. No transactions have been entered into under this arrangement.

During the fourth quarter of fiscal 2020, the Company paid a management fee of $10,000 to Care Pharmacies for the use of its office space, accounting and bookkeeping services, and pharmacist training.

Due to related parties is comprised of amounts due to Care Health Inc. for reimbursement of expenses paid on behalf of Mednow and is non-interest bearing, unsecured and due on demand.

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.

9. Income taxes

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to statement of loss and comprehensive loss is shown as follows:

				Period ended July 31,
		2020	**2019**	**2018**
Expected Tax Rate		**27.00%**	**27.00%**	**27.00%**
Expected tax benefit resulting from loss	$	(126,765)	$ (3,138)	$ (1,817)
Permanent differences		647	(329)	-
Effect of losses not recognized		186,253	3,467	1,817
Effect of other temporary differences not recognized		(60,135)	-	-
Income tax expense	**$**	**-**	**$ -**	**$ -**

Gross temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset, which have not been recognized, are approximately as follows:

				Period ended July 31,
		2020	**2019**	**2018**
Share issue costs		890,883	-	-
Non-capital losses		708,175	19,570	6,729
Total	**$**	**1,599,099**	**$ 19,570**	**$ 6,729**

The Company has the following non-capital losses available to reduce future years' federal and provincial taxable income, which expire as follows:

Year	**$**
2038	6,729
2039	12,841
2040	689,825
	$ 709,395

(In Canadian dollars, except where otherwise stated)

10. Share capital and warrants

The Company is authorized to issue an unlimited number of Class A, B and C common shares.

Class A common shares carry voting rights, non-cumulative dividends as set and declared by the board of directors and carry a priority feature in the event of dissolution of the Company where each holder of Class A common shares shall receive $100 per share in priority to any payment on the Class B and Class C common shares.

Class B common shares are non-voting, non-cumulative dividends as set and declared by the board of directors and carry a priority feature in the event of dissolution of the Company where each holder of Class B common shares shall receive $50 per share in priority to any payment on the Class C common shares.

Class C common shares are non-voting, non-cumulative dividends as set and declared by the board of directors.

	Common Shares		Warrants	
	Shares	Amount	**Warrants**	Amount
	#	$	#	$
Balance, January 17, 2018	6,145,000	61	-	-
Balance, July 31, 2018 and July 31, 2019	6,145,000	61	-	-
Share Issuance (a)	3,855,000	39	-	-
June non-brokered private placement (b)	3,294,015	1,454,309	1,647,004	357,399
June and July brokered & non-brokered private placement (c)	2,767,038	3,896,385	1,699,750	1,188,270
July 31 non-brokered private placement (d)	49,465	69,623	30,668	21,474
Transaction costs	-	(673,385)	-	(440,219)
Total	**16,110,518**	**4,747,032**	**3,377,422**	**1,126,924**

a) Share Issuance: On January 1, 2020 and May 26, 2020, the Company issued 2,355,000 and 1,500,000 Class A common shares for total proceeds of $23.55 and $15.00, respectively.

b) 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, one additional Class A common share at an exercise price of $0.80 per Share.

   The following table summarizes the range of inputs used by the Company in calculating the warrants fair-value using the Black-Scholes option pricing model:

Share price	$	0.44
Exercise price	$	0.80
Expected dividend yield		-
Expected volatility		99.3%
Risk free rate		0.34%
Expected life (years)		3
Fair value per warrant	**$**	**0.22**

(In Canadian dollars, except where otherwise stated)

10. Share capital and warrants (continued)

c) 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 Class A common share at an exercise price of $2.63 per Share.

As part of the transaction, the Company paid cash commission of $368,938 and issued 131,764 corporate finance units, and 210,822 broker warrant units.

Each corporate finance unit resulted in the issuance of 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 $2.63 per share. As a result, the Company issued 131,764 Class A common shares valued at $185,919 and 65,881 warrants valued at $45,194. The corporate finance units were fair-valued using the Black-Scholes option pricing model inputs outlined in Note 10 d).

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 $1.75. Total broker warrant units issued were 210,822 which when exercised would result in 210,822 Class A common shares and warrants which represent an option to acquire 105,411 additional Class A common shares at $2.63 per share. Broker warrants were valued at $169,501 and the underlying broker warrants were valued at $72,312.

The following table summarizes the range of inputs used by the Company in calculating the broker warrant units fair-value using the Black-Scholes option pricing model:

Share price	$	1.41
Exercise price	$	1.75
Expected dividend yield		-
Expected volatility		99.1%
Risk free rate		0.340%
Expected life (years)		3
Fair value per warrant unit	**$**	**0.80**

The underlying broker units were fair-valued using the Black-Scholes option pricing model inputs outlined in Note 10 d).

d) 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.

As part of this financing, the Company paid a advisory cash fee of $6,925 and issued 3,957 advisory warrant units. Each advisory warrant unit entitles the advisor to purchase one Class A common share for a period of 24 months from the Liquidity Event, at an exercise price of $1.75 per Class A common share for a total 3,957 Class A common Shares, and a warrants to acquire 1,978 Class A common shares at $2.63 per share. The advisory warrants were valued at $4,533.

(In Canadian dollars, except where otherwise stated)

10. Share capital and warrants (continued)

The following table summarizes the range of inputs used by the Company in calculating the advisory warrant units, corporate finance units and underlying broker units fair-value using the Black-Scholes option pricing model:

Share price	$	1.41
Exercise price	$	2.63
Expected dividend yield		-
Expected volatility		99.1%
Risk free rate		0.340%
Expected life (years)		3
Fair value per warrant unit	**$**	**0.69**

Other transactions costs were paid in cash throughout the year ended July 31, 2020 for the above private placements in the amount of $260,282.

e) Loss per share

The calculation of basic and diluted loss per share is based on the net loss of $469,502 for the period ended July 31, 2020 (2019: $11,621, 2018: $6,729) and using the total weighted average number of common shares of 8,468,324 outstanding during the year ended July 31, 2020, and 6,145,000 outstanding during the period ended July 31, 2019 and 2018. The Company does not have any dilutive instruments and the calculation of diluted loss per share excludes the effects related to the potential exercise of warrants that would be anti-dilutive.

11. Financial instruments and risk management

a) 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 (see more details under 'Going concern' in Note 2). There were no changes to the Company's capital management policy since incorporation.

b) Liquidity risk management

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.

(In Canadian dollars, except where otherwise stated)

11. Financial instruments and risk management (continued)

As at July 31, 2020

	<1 month	1-3 months	3 months to 1 year	>1 year	Total
	$	$	$	$	$
Due to related parties	46,033				46,033
Accounts payable and accrued liabilities	108,650	-	-	-	108,650
Total	**154,683**	**-**	**-**	**-**	**154,683**

As at July 31, 2019

	<1 month	1-3 months	3 months to 1 year	>1 year	Total
	$	$	$	$	$
Due to related parties	132,578				132,578
Accounts payable and accrued liabilities	3,850	-	-	-	3,850
Total	**136,428**	**-**	**-**	**-**	**136,428**

As at July 31, 2018

	<1 month	1-3 months	3 months to 1 year	>1 year	Total
	$	$	$	$	$
Due to related parties	5,379				5,379
Accounts payable and accrued liabilities	1,350	-	-	-	1,350
Total	**6,729**	**-**	**-**	**-**	**6,729**

c) Credit risk management

The Company's main credit risk arises from its cash deposit with banks, of which there is $5,255,396 deposited as at July 31, 2020 (July 31, 2019 and 2018: $61) which represents the entities maximum exposure to credit risk. Receivables are not considered a significant component of credit risk as all outstanding receivables relate to sales tax recoverable from the government. The Company limits its counterparty credit risk on its deposits by dealing only with financial institutions with high credit ratings.

d) 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.