

MEDX HEALTH CORP.

Interim Condensed Financial Statements

For the Three and Nine Months Ended September 30, 2024 and 2023

(UNAUDITED)

(Presented in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for MedX Health Corp. were prepared by management in accordance with International Financial Reporting Standards (IFRS). Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. In the opinion of management, the interim condensed financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standard 34 – Interim Financial Reporting, using accounting policies consistent and appropriate in the circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of, and for the periods presented in the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The unaudited Interim Condensed Financial Statements as at and for the three and nine-month periods ended September 30, 2024 and 2023 have not been reviewed by the Company's auditor.

MEDX HEALTH CORP.

Interim Condensed Statements of Financial Position
(Unaudited)
Presented in Canadian dollars

	September 30 2024	December 31 2023
ASSETS		
Current assets		
Cash	\$ 154,445	\$ 138,185
Accounts receivable (Note 3)	19,683	7,697
Inventory (Note 4)	405,162	336,622
Sales taxes receivable	229,095	105,427
Prepaid expenses and deposits	16,226	15,549
	824,611	603,480
Non-current assets		
Property, equipment and right of use asset (Note 5)	51,022	86,134
	\$ 875,633	\$ 689,614
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 15)	\$ 2,501,766	\$ 1,978,082
Deferred revenue	9,105	9,105
Short-term loans (Note 7)	2,085,881	660,681
Current portion of Long-term debt (Note 7)	4,255,126	4,301,396
	8,851,878	6,949,264
Non-current liabilities		
Long-term debt (Note 7)	996,224	882,199
	9,848,102	7,831,463
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 8)	27,316,819	26,951,856
Warrants (Note 8)	1,629,088	1,844,389
Equity portion of convertible debt	3,279,743	3,304,988
Contributed surplus	12,198,704	11,606,645
Deficit	(53,396,823)	(50,849,727)
	(8,972,469)	(7,141,849)
	\$ 875,633	\$ 689,614

Nature of operations and going concern (Note 1), Commitments and contingencies (Note 14)
Subsequent events (Note 18)

See accompanying notes to the financial statements.

MEDX HEALTH CORP.

Interim Condensed Statements of Comprehensive Loss

(Unaudited)

Presented in Canadian dollars

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue	\$ 90,609	\$ 111,259	\$ 301,659	\$ 389,757
Cost of sales	56,528	45,615	180,596	206,215
Gross profit	34,081	65,644	121,063	183,542
Expenses				
Selling, general and administrative (Note 16)	395,581	774,656	1,701,510	2,114,815
Product and software development	125,551	124,614	393,227	463,779
Interest expense	206,938	533,747	573,422	1,583,964
	728,070	1,433,017	2,668,159	4,162,558
Net loss and comprehensive loss for the period	\$ (693,989)	\$ (1,367,373)	\$ (2,547,096)	\$ (3,979,016)
Income (loss) per share, basic and fully diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)

See accompanying notes to the financial statements.

MEDX HEALTH CORP.Interim Condensed Statements of Changes in Shareholders' Deficiency
(Unaudited)
Presented in Canadian dollars**Nine months ended September 30, 2024 and 2023**

	Common Shares	Warrants	Equity Portion of Convertible Debt	Contributed Surplus	Deficit	Total
Balance, December 31, 2023	\$ 26,951,856	\$ 1,844,389	\$ 3,304,988	\$ 11,606,645	\$ (50,849,727)	(7,141,849)
Net loss for the period	-	-	-	-	(2,547,096)	(2,547,096)
Issuance of Units	312,291	229,692	-	-	-	541,983
Conversion of convertible debentures	52,672	22,573	(25,245)	-	-	50,000
Expiry of warrants	-	(467,566)	-	467,566	-	-
Share-based compensation	-	-	-	124,493	-	124,493
Balance, September 30, 2024	\$ 27,316,819	\$ 1,629,088	\$ 3,279,743	\$ 12,198,704	\$ (53,396,823)	(8,972,469)
Balance, December 31, 2022	\$ 23,958,413	\$ 918,315	\$ 3,465,611	\$ 10,845,864	\$ (46,269,179)	(7,080,976)
Net loss for the period	-	-	-	-	(3,979,016)	(2,610,728)
Issuance of convertible debentures	-	-	1,966,530	-	-	1,966,530
Conversion of convertible debentures	250,143	79,003	(162,825)	-	-	106,006
Issuance of options	-	(15,800)	-	-	-	30,777
Exercise of warrants	-	(216,245)	-	216,245	-	11,433
Expiry of warrants	554,479	403,662	-	-	-	(15,800)
Share-based compensation	-	-	-	304,002	-	223,650
Balance, September 30, 2023	\$ 24,763,035	\$ 1,168,935	\$ 5,269,317	\$ 11,366,111	\$ (50,248,195)	(7,369,107)

See accompanying notes to the financial statements.

MEDX HEALTH CORP.

Interim Condensed Statements of Cash Flows

(Unaudited)

Presented in Canadian dollars

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Cash flows from operating activities				
Net loss for the period	\$ (693,989)	\$ (1,367,373)	\$ (2,547,096)	\$ (3,979,016)
Adjustments for non-cash items				
Depreciation of property, equipment and right of use asset	11,704	118	35,112	26,031
Interest expense	206,938	533,747	573,422	1,583,964
Share-based compensation	38,994	38,140	124,493	304,001
	(436,353)	(795,368)	(1,814,069)	(2,065,020)
Net change in non-cash operating working capital items:				
Accounts receivable	3,940	127,849	(11,986)	5,803
Inventory	(20,924)	(17,723)	(68,540)	(59,856)
Sales taxes receivable	(23,567)	-	(123,668)	-
Prepaid expenses and deposits	-	(11,567)	(677)	(23,291)
Accounts payable and accrued liabilities	(70,864)	238,346	523,683	(139,419)
	(111,415)	336,905	318,812	(216,763)
Interest paid	(151,281)	(168,152)	(417,964)	(525,305)
Net cash used in operating activities	(699,049)	(626,615)	(1,913,221)	(2,807,088)
Cash flows from financing activities				
Proceeds from issuance of units, net of issue costs	50,000	958,142	425,983	958,142
Proceeds from exercise of warrants	-	-	-	50,000
Increase in long-term debt	-	-	-	1,908,446
Repayment of lease liability	(13,000)	(11,241)	(37,702)	(32,545)
Proceeds from issuance of short-term loans	680,000	396,700	1,571,000	646,700
Repayment of short-term loans	(25,000)	(660,000)	(29,800)	(680,000)
Net cash from financing activities	692,000	683,601	1,929,481	2,850,743
Net change in cash for the period	(7,049)	56,986	16,260	43,655
Cash, beginning of period	161,494	129,165	138,185	142,496
Cash, end of period	\$ 154,445	\$ 186,151	\$ 154,445	\$ 186,151
Non-cash transactions (Note 7)	\$ -	\$ 215,000	\$ 116,000	\$ 215,000

See accompanying notes to the financial statements.

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2024 and 2023
(Unaudited)
Presented in Canadian dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

MedX Health Corp. ("MedX" or "the Company") is incorporated under the laws of Ontario. The Company develops and manufactures skin-related screening tools and phototherapy devices for pain relief and tissue repair, marketing the latter in Canada and the United States while the skin related screening tools are also marketed in Europe, Australia and selected markets in Latin America.

The Company's shares are listed on the TSX Venture Exchange under the symbol MDX. Its head office, principal address, and registered office is located at 1495 Bonhill Road, Unit #1, Mississauga, ON, L5T 1M2.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. As at September 30, 2024, the Company had current liabilities in excess of current assets of \$8,027,267 (December 31, 2023 – \$6,345,784), had an accumulated deficit of \$53,396,823 (December 31, 2023 - \$50,849,727), and shareholders' deficiency of \$8,972,469 (December 31, 2023 - \$7,141,849). These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon achieving a profitable level of operations and obtaining additional financing, neither of which is assured. The Company has raised equity and debt during 2023 and 2024 and will require additional capital to continue to develop and market its products and as it continues to develop sales opportunities. These financial statements do not give effect to any adjustments which might be necessary should the Company be unable to continue as a going concern and be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. These adjustments could be material.

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker (CODM). The CODM has been identified as the Board of Directors of the Company. For management purposes, the Company uses the same measurement policies as those used in its financial statements. The CODM evaluates the performance of each segment based on net profit (loss). The Company operates in a single reportable operating segment. As of September 30, 2024, substantially all of the Company's assets are located in Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim condensed financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), effective for the reporting period ended September 30, 2024, and have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The interim condensed financial statements follow the same accounting policies and methods of application as those disclosed in the annual financial statements for the year ended December 31, 2023, but do not include all the information and disclosures required in the Company's annual financial statements. The preparation of interim condensed financial statements in accordance with IAS 34 requires the use of certain accounting estimates and requires management to use judgement in applying the Company's accounting policies. The areas that involve judgement and estimates have been disclosed in Note 2 of the Company's 2023 financial statements.

These interim condensed financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2023.

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These financial statements were approved by the Board of Directors effective November 29, 2024.

Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements include the accounts of MedX Health Corp. as of December 31, 2023 and September 30, 2024. The Company sold its wholly owned inactive subsidiaries, MedX Electronics Inc. and LaserPath Therapeutics Inc., during the year ended December 31, 2023 (Note 18), and the results of those companies are included to the date of disposition. As a result, the Interim Condensed Statement of Financial Position as at September 30, 2024, and December 31, 2023 includes only the accounts of MedX Health Corp. The comparative financial information is on a consolidated basis. All inter-company transactions and balances between the entities have been eliminated for the periods up to the date of sale of the subsidiaries.

Recent Accounting Pronouncements

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective and is currently analyzing them to determine their impact on the financial statements:

The following amendments in accounting policies are effective for future periods:

- Amendments to IAS 12 deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 12 international tax reform – Pillar two model rules

The following amendments are new and revised standards and interpretation for future periods:

- Amendments to IAS 1 – Classification of liabilities as current or non-current and amendments to IAS 1 – non-current liabilities with covenants;
- Amendments to IAS 7 and IFRS 7 supplier financing arrangements

Significant Accounting Judgments and Estimates

There have been no material revisions to the nature and amount or changes in estimates of amounts as reported in the 2023 annual financial statements.

3. ACCOUNTS RECEIVABLE

The amount of accounts receivable is net of an allowance for expected credit losses, which was \$116,490 as at September 30, 2024 (December 31, 2023 - \$116,490).

4. INVENTORY

	September 30	December 31
	2024	2023
Raw materials	\$ 222,287	\$ 115,361
Finished goods	182,876	221,261
	<u>\$ 405,162</u>	<u>\$ 336,622</u>

During 2023, the Company made a provision for inventory it considers obsolete, amounting to \$115,415.

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5. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSET

	Furniture and Office Equipment	Manufacturing Equipment	Right of Use Asset	Total
Cost				
Balance, January 1, 2023, December 31, 2023 and September 30, 2024	\$ 155,401	55,112	214,893	425,406
Accumulated Depreciation				
Balance, January 1, 2023	\$ 136,106	51,055	100,284	287,445
Depreciation	8,074	774	42,979	51,827
Balance, December 31, 2023	144,180	51,829	143,263	339,272
Depreciation	2,455	423	32,234	35,112
Balance September 30, 2024	\$ 146,635	\$ 52,252	\$ 175,497	\$ 374,384
Carrying Value				
Balance, December 31, 2023	\$ 11,221	\$ 3,283	\$ 71,630	\$ 86,134
Balance September 30, 2024	\$ 8,766	\$ 2,860	\$ 39,396	\$ 51,022

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are principally comprised of amounts accrued or outstanding for trade purchases relating to inventory and administrative expenses, interest and other accrued liabilities.

	September 30 2024	December 31 2023
Accounts payable	\$ 769,672	\$ 629,732
Amounts owing to officers and Board of directors	210,017	192,880
Payroll withholdings	54,022	6,036
Accrued Interest	413,361	53,978
Other accrued liabilities	1,054,694	1,095,455
	\$ 2,501,766	\$ 1,978,082

7. SHORT-TERM LOANS AND LONG-TERM DEBT

a) Short-term loans

As of September 30, 2024, there were \$2,085,881 of short-term loans owing by the Company to related parties (December 31, 2023 - \$660,681). The loans have an interest rate of 10% per annum and are considered due on demand. Of the loans, \$1,629,881 are unsecured and \$456,000 are secured by a charge on the Company's assets through a promissory note. A total of \$1,571,000 of short-term loans were advanced to the Company during the first nine months of 2024, \$116,000 were settled through participation in a private placement and \$29,800 was repaid.

In 2023, a total of \$1,140,681 of short-term loans were advanced to the Company, all of which were unsecured. During 2023, \$1,010,000 of loans were settled through participation in the issue of secured convertible debentures on January 6, 2023. In addition, \$480,000 of loans were settled

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on September 29, 2023, through participation in a private placement of shares and \$50,000 was repaid.

b) Long-term debt

	September 30		December 31
	2024		2023
Convertible debentures	\$ 5,139,428	\$	5,033,970
Lease liability	51,922		89,625
Canada Emergency Business Account	60,000		60,000
	5,251,350		5,183,595
Less:			
Current portion of Convertible debentures	(4,200,000)		(4,250,000)
Current portion of lease liability	(55,126)		(51,396)
	(4,255,126)		(4,301,396)
	\$ 996,224	\$	882,199

Convertible Debentures

Convertible Debenture Loan Notes –

During 2021 and 2022, the Company completed a series of private placements of Convertible Debenture Loan Notes (the “Notes”). All of the Notes are unsecured debentures.

Series I Notes –

The Series I Notes were issued in 2021, totaling \$4,500,000, of which \$4,200,000 (December 31, 2023 - \$4,250,000) are outstanding, with an interest rate of 6.0%, payable quarterly, and which were originally due on December 31, 2023. They are convertible into units at \$0.14, with each unit consisting of one common share and one-half warrant, with a full warrant exercisable at \$0.20. As these Series I Notes originally became due on December 31, 2023 and were not repaid on that date, they are considered due on demand. Effective December 15, 2023, the Company obtained Conditional Acceptance from the TSXV for amendment of the Maturity Date of the Series I Notes to December 31, 2025 and, effective August 14, 2024, the Company obtained Final Acceptance from the TSXV for the amendment. Agreement for the amendment is in place with the majority of the holders of the Series I Notes, and the Company is in continuing negotiations with others to obtain their agreement.

During 2024, \$50,000 of the Notes were converted into units, at \$0.14, resulting in the issuance of 357,143 common shares and 178,572 warrants, with each warrant exercisable until December 31, 2025, with an exercise price of \$0.20. In accounting for the conversion, the debt balance was reduced by \$50,000, of which \$35,000 was allocated to share capital and \$15,000 to warrants, based on a relative valuation of those components when the debentures were issued. The equity portion related to these debentures from the issue date was \$25,245, and this amount has been deducted from the equity component of the convertible debentures, of which \$17,672 was allocated to share capital and \$7,573 to warrants, allocated on the same basis.

Series II Notes –

The Series II Notes were issued in 2022 in a private placement, with gross proceeds of \$1,000,000 (\$901,151 net of cash expenses). The Notes bear interest at 8% per annum, payable in cash semi-annually, and are due on December 31, 2026 (“Maturity Date”). The Series II Notes may be converted at the option of the holder, into units at \$0.10 per unit, at any time until the Maturity Date. Each unit will be comprised of one fully paid common share and one-half of a share purchase

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warrant. Each whole share purchase warrant will be exercisable to purchase one further common share at the price of \$0.15, exercisable for a period expiring on the Maturity Date. After January 1, 2025, under certain circumstances as described in the terms of the Notes, the Company may have the right to force redemption of any Notes then outstanding. In connection with this placement, \$64,000 of cash commissions were paid to agents, and 177,778 agent's warrants were issued, which expired on March 21, 2024.

Series III Notes –

Series III Notes totaling \$1,100,000 (\$1,081,578 net of expenses) were issued in a private placement in 2022, have an interest rate of 8.0%, payable semi-annually, and are due on December 31, 2026. They were convertible into units at \$0.07 until June 30, 2023, and \$0.10 thereafter, with each unit consisting of one common share and one warrant exercisable at \$0.07 until December 31, 2026. Under certain circumstances, the Company may be able to force conversion after January 1, 2025.

During 2023, \$250,000 of the Series III Notes were converted into units, and as the conversion was prior to June 30, 2023, the conversion was at \$0.07, resulting in the issuance of 3,571,430 common shares and 3,571,430 warrants, with each warrant exercisable until December 31, 2026, with an exercise price of \$0.07. In accounting for the conversion, the debt balance was reduced by the \$98,944 liability related to the debentures at the conversion date, of which \$69,261 was allocated to share capital and \$29,683 to warrants. The proportion allocated to share capital and warrants was estimated based on a relative valuation of those components when the debentures were issued. The equity portion related to these debentures from the issue date was \$160,623, and this amount has been deducted from the equity component of the convertible debentures, of which \$112,436 was allocated to share capital and \$48,187 to warrants, allocated on the same basis.

The balance of the Series I, II and III Notes as of September 30, 2024, and December 31, 2023, is as follows:

	September 30	December 31
	2024	2023
Face value	\$ 6,050,000	\$ 6,100,000
Balance to be accreted	910,572	1,066,030
	\$ 5,139,428	\$ 5,033,970

Secured Convertible Debentures

In 2023, the Company raised \$2,965,000 (\$2,918,462, net of expenses) by the issuance of Secured Convertible Debentures, which closed in three phases: \$1,500,000 on January 6, 2023, \$765,000 on February 15, 2023, and \$700,000 on March 17, 2023. On November 17, 2023, the total \$2,965,000 of the Secured Convertible Debentures were converted by the holders.

While outstanding, the Secured Convertible Debentures were secured by a registered charge over all the assets of the Company, bore Interest at 8% per year payable quarterly, and were to mature on December 31, 2027. Holders of the Debentures had the right to convert into Units, at a conversion price of \$0.05 per Unit until November 18, 2023, and \$0.10 thereafter. Each Unit was comprised of one fully paid common share and one share purchase warrant ("Warrant"); each Warrant was exercisable to acquire one common share at the price of \$0.20, valid from the date of issue until December 31, 2027. All holders of the Secured Convertible Debentures had entered into Intercreditor Agreements with each other and the Company, pursuant to which their rights to participate in the security were treated on a *pari passu* basis, which agreement ended on the conversion of the debentures..

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In accounting for issuance of the debentures, the Company determined the value of the debt to be \$970,670, based on the net present value of the loan interest and principal over the term of the loans using a discount rate of 38%, with the remaining \$1,994,330 allocated to the equity portion of the convertible debentures. Cash related issue costs of \$46,538 were allocated to the debt and equity, reducing the amounts recorded as long-term debt by \$18,738 and the equity portion of the debentures by \$27,800.

On conversion, as the conversion date was prior to November 18, 2023, the conversion price was \$0.05, the Company issued 59,300,000 common shares and 59,300,000 warrants, with each warrant exercisable until December 31, 2027, with an exercise price of \$0.20. In accounting for the conversion, the debt balance was reduced by the \$1,086,026 liability related to the debentures at the conversion date, and \$760,213 was allocated to share capital and \$325,813 to warrants. The proportion allocated to share capital and warrants was estimated based on a relative valuation of those components when the debentures were issued. The equity portion related to these debentures from the issue date was \$1,966,530 and this amount has been deducted from the equity component of the convertible debentures, of which \$1,376,571 was allocated to share capital and \$589,960 to warrants, allocated on the same basis.

The change in the balance of the Convertible Debentures during the nine-months ended September 30, 2024, and year ended December 31, 2023, is as follows:

	September 30	December 31
	2024	2023
Balance, beginning of period	\$ 5,033,970	\$ 3,743,479
Issuances of Notes	-	2,965,000
Costs of issue	-	(46,554)
Amount allocated to equity	-	(1,966,530)
Conversion of Convertible debt	(50,000)	(1,184,970)
Interest Expense	464,935	2,121,897
Contractual interest repayment	(309,477)	(598,352)
Balance, end of period	\$ 5,139,428	\$ 5,033,970

Unpaid interest accrued for short term debt and convertible debentures is included within accounts payable and accrued liabilities (Note 6).

Lease liability

The Company leases premises consisting of its office and manufacturing facilities. The Company signed a lease in 2020, and at that time a liability of \$214,893 was recognized; the balance as of September 30, 2024 is \$51,922 (December 31, 2023 - \$89,625).

Canada Emergency Business Account (CEBA)

During 2020, the Company received \$60,000 under a line of credit from the Government of Canada CEBA program, administered through the Company's bank. The loan was non-interest bearing until December 31, 2023, after which interest of 5% per annum is payable, and the loan is due on December 31, 2026.

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8. SHARE CAPITAL

Common Shares

Authorized - Unlimited number of common shares

Issued and outstanding

	Number of shares	Stated Capital
Outstanding at January 1, 2023	183,799,459	\$ 23,958,413
Issued for cash (a)	14,571,428	609,161
Issued on conversion of convertible debentures (b)	62,871,430	2,318,481
Issued on exercise of warrants (c)	714,286	65,801
Outstanding at December 31, 2023	261,956,603	26,951,856
Issued for cash (a)	7,857,142	312,291
Issued on conversion of convertible debentures (b)	357,143	52,672
Outstanding at September 30, 2024	270,170,888	\$ 27,316,819

a) Shares issued for cash

On June 3 and July 24, 2024, the Company raised net proceeds of \$541,983 from a private placement, summarized as follows:

Date	# of Units	Unit Price	Gross Proceeds	Issue Costs	Net Proceeds	Allocation to Shares	Allocation to Warrants
June 3	7,142,856	\$ 0.07	\$ 500,000	\$ 8,017	\$ 491,983	\$ 283,531	\$ 208,452
July 24	714,286	\$ 0.07	50,000	-	50,000	28,760	21,240
	7,857,142		\$ 550,000	\$ 8,017	\$ 541,983	\$ 312,291	\$ 229,692

The placement consisted of the sale of 7,857,142 units for \$0.07 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant will be exercisable to acquire one common share at any time up to December 31, 2026, at an exercise price of \$0.12. In accounting for the placement, the Company allocated the gross proceeds between the shares and the warrants issued, based on the relative value of the components. The value of the shares was based on the closing trading value of the Company's shares on the closing date. The value of the warrants was based on a calculation using the Black-Scholes model, as of the date of closing. Cash related issue costs were allocated in the same manner as the proceeds, reducing the amounts recorded as share capital and warrants. See note 8(d) with respect to the calculation of the value of the warrants.

During 2023, the Company raised net proceeds of \$1,008,142 from a private placement, summarized as follows:

Date	# of Units	Unit Price	Gross Proceeds	Issue Costs	Net Proceeds	Allocation to Shares	Allocation to Warrants
September 29	13,857,142	\$ 0.07	\$ 970,000	\$ 11,858	\$ 958,142	\$ 580,641	\$ 377,501
November 9	714,286	\$ 0.07	50,000	-	50,000	28,520	21,480
	14,571,428		\$ 1,020,000	\$ 11,858	\$ 1,008,142	\$ 609,161	\$ 398,981

The placement consisted of the sale of 14,571,428 units for \$0.07 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant will be exercisable to acquire one common share at any time for a period expiring on December 31, 2026, at an exercise price of \$0.12. In accounting for the placement, the Company allocated the gross

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proceeds between the shares and the warrants issued, based on the relative value of the components. The value of the shares was based on the closing trading value of the Company's shares on the closing date. The value of the warrants was based on a calculation using the Black-Scholes model, as of the date of closing. Cash related issue costs were allocated in the same manner as the proceeds, reducing the amounts recorded as share capital and warrants. See note 8(d) with respect to the calculation of the value of the warrants.

b) Shares issued on conversion of Convertible debentures

The company issued 357,143 shares on May 17, 2024 on the conversion of \$50,000 of Series I Notes. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$52,672 being added to share capital as a result.

The company issued 59,300,000 shares on November 17, 2023 on the conversion of \$2,965,000 of Secured Convertible Debentures. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$759,121 of the debt and \$1,374,150 of the equity component added to share capital.

The company issued 3,571,430 shares with respect to the conversion of \$250,000 of Series III Notes in June 2023. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$69,261 of the debt and \$112,436 of the equity component added to share capital.

c) Shares issued on exercise of warrants

The Company issued 714,286 common shares on June 16, 2023, on the exercise of 714,286 warrants which had been issued on June 15, 2023. The warrants had an exercise price of \$0.07 resulting in proceeds of \$50,000. In addition, the warrant value originally allocated to the warrants of \$15,801 was reclassified from warrants to common shares.

d) Warrants

The Company has issued subscriber warrants in connection with share and debt offerings and has issued broker warrants in connection with certain offerings. Subscriber warrants are exercisable to acquire common shares of the Company, whereas the particular terms of broker warrants varies depending on the offering. The value of warrants has been estimated in each case using the Black-Scholes pricing model as of the date of the transaction.

<i>(WAEP - Weighted-Average Exercise Price)</i>	Number of Subscriber Warrants	WAEP \$
Outstanding at January 1, 2023	23,980,550	0.22
Warrants expired	(6,485,078)	0.24
Warrants issued	77,442,858	0.18
Warrants exercised	(714,286)	0.07
Outstanding at December 31, 2023	94,224,044	0.17
Warrants expired	(17,495,472)	0.14
Warrants issued	8,035,714	0.12
Outstanding at September 30, 2024	84,764,286	0.17

As a result of the conversion of Series I Notes on May 17, 2024, 178,572 warrants were issued with each warrant exercisable to purchase one common share for \$0.20, up to December 31, 2025. The value of the warrants issued of \$22,573 resulted from allocation of the reduction of the

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debt and equity portion of the convertible debt at the time of conversion.

In connection with the private placement of equity in June and July 2024, 7,857,142 warrants were issued, with each warrant exercisable to purchase one common share for \$0.12, up to December 31, 2026. The value of the warrants issued was determined to be \$229,692 using the Black-Scholes option pricing model, using a risk-free interest rate of 3.35%, volatility of 148.7% (based on historical stock price volatility), expected life of 2.5 years, and no expected dividend yield was used.

In connection with the private placement of equity in 2023, 14,571,428 warrants were issued, with each warrant exercisable to purchase one common share for \$0.12, up to December 31, 2026. The value of the warrants issued was determined to be \$398,981 using the Black-Scholes option pricing model, using a risk-free interest rate of 4.5%, volatility of 127.5% (based on historical stock price volatility), expected life of 3 years, and no expected dividend yield was used.

The company issued 59,300,000 warrants on November 17, 2023, in connection with the conversion of \$2,965,000 of Secured Convertible Debentures. The warrants are exercisable to acquire one common share at a price of \$0.20 up to December 31, 2027. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$325,813 of the debt and \$589,959 of the equity component added to warrants.

The Company issued 3,571,430 warrants in connection with the conversion of \$250,000 of Series III Notes in 2023. The warrants are exercisable to acquire one common share at a price of \$0.07, expiring on December 31, 2026. This resulted from conversion of notes with face value of \$250,000. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$29,683 of the debt and \$48,187 of the equity component reclassified to warrants.

The Company issued 714,286 common shares on June 16, 2023, on the exercise of 714,286 warrants which had been issued from the converted Series III debentures. The warrants had an exercise price of \$0.07, and warrant value originally allocated to the warrants of \$15,801 was reclassified from warrants to common shares.

Warrant expiries include:

On June 30, 2024, 17,495,472 warrants with an exercise price of \$0.14 expired. These warrants were valued at \$2,449,366 which was transferred to Contributed surplus. On September 21, 2023, the Company had obtained regulatory acceptance for amendment of the terms of these warrants to extend the expiry date from December 31, 2023 to June 30, 2024 and exercise price was amended from \$0.20 to \$0.14.

On March 21, 2024, 177,778 broker warrants with an exercise price of \$0.09 expired. These warrants were valued at \$15,143 which was transferred to Contributed surplus.

On December 31, 2023, 892,857 warrants, with an exercise price of \$0.20, expired. These warrants were valued at \$234,504, which amount was transferred to Contributed surplus. On December 31, 2023, 985,719 broker warrants, with an exercise price of \$0.14, expired.

On May 14, 2023, 5,592,221 warrants with an exercise price of \$0.25 expired. These warrants were valued at \$216,245, which amount was transferred to Contributed surplus.

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Warrants outstanding and their expiry dates as of September 30, 2024, are as follows:

Date Issued	Expiry Date	Exercise Price	# of Warrants	\$
June 29, 2023	December 31, 2026	\$0.07	2,857,144	62,070
September 7, 2023	December 31, 2026	\$0.12	12,214,285	329,644
September 29, 2023	December 31, 2026	\$0.12	1,642,857	47,856
November 9, 2023	December 31, 2026	\$0.12	714,286	21,480
November 17, 2023	December 31, 2027	\$0.20	59,300,000	915,773
May 17, 2024	December 31, 2026	\$0.20	178,572	22,573
June 3, 2024	December 31, 2026	\$0.12	7,142,856	208,452
July 24, 2024	December 31, 2026	\$0.12	714,286	21,240
			84,764,286	1,629,088

e) Stock options

On August 16, 2021, at an Annual and Special Meeting of Shareholders, shareholders approved an amendment to the Company's 2014 Incentive Stock Option Plan to increase the number of shares available under the plan from 26,000,000 to 30,000,000.

Under the terms of the plan, directors, officers, employees and consultants, subject to certain conditions, may be granted options to purchase common shares of the Company. As at September 30, 2024 there were 19,220,000 options that have been granted and are outstanding, with 10,780,000 options available to be granted under the plan. The exercise period and vesting provisions with respect to options being granted are set by the Board when options are granted, within the terms of the Plan.

Activity in the Company's stock option plan for the nine-months ended September 30, 2024, and the year ended December 31, 2023, is summarized as follows:

<i>(WAEP - Weighted-Average Exercise Price)</i>	Number of Options	WAEP \$
Outstanding, January 1, 2023	24,735,000	0.16
Granted	6,200,000	0.10
Expired/forfeited	(13,815,000)	0.17
Outstanding, December 31, 2023	17,120,000	0.12
Granted	2,700,000	0.10
Expired/forfeited	(600,000)	0.16
Outstanding, September 30, 2024	19,220,000	0.12

The outstanding options have exercise prices in the range of \$0.10 and \$0.17, an average remaining life of 3 years, and as of September 30, 2024, 17,107,500 options are exercisable. The exercisable options have a weighted average remaining life of 3 years and a weighted average exercise price of \$0.12.

On February 14, 2024, 2,700,000 options were granted to consultants and employees. These options have an exercise price of \$0.10, and 500,000 of the options expire on December 31, 2026, and the remaining 2,200,000 have expiry dates ranging between July 31 and December 31, 2028. Of these options, 500,000 vested immediately, 550,000 vested within four months of the grant date, with 550,000 vesting on each of 6, 12 and 18 months from their initial vesting date. The options were valued at \$95,523, of which \$71,330 was expensed in the nine-months ended September 30, 2024. The value of the 500,000 and 2,200,000 options, respectively, was

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determined using the Black-Scholes option pricing model based on a risk-free interest rate of 3.92%, volatility of 148.2% and 125.6% (based on historical stock price volatility), expected life of two years and four years, and no expected dividend yield.

On June 26, 2023, 5,850,000 options were granted to consultants and employees. The options have an exercise price of \$0.10 and expire on June 26, 2028. Of these options, 3,450,000 vested immediately and 2,350,000 options vesting 25% every six months from July 1, 2023. The options were valued at \$258,050 of which \$178,305 was expensed in 2023, \$53,163 to date in 2024 and the remainder will be expensed as the options vest. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 4.50%, volatility of 127.5% (based on historical stock price volatility), expected life of two years, and no expected dividend yield.

On June 30, 2023, 400,000 options were granted to consultants; these options have an exercise price of \$0.10, vested immediately, and expire on June 30, 2026. The options were valued at \$20,475, which was expensed in 2023. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 3.75%, volatility of 103.5% (based on historical stock price volatility), expected life of three years, and no expected dividend yield.

On November 17, 2022, 1,200,000 share options were granted to consultants. The options have an exercise price of \$0.10 and expire on November 17, 2027, of which 50% of the options vested immediately, and 50% vested on November 17, 2023. The options were valued at \$53,929, which has been expensed. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 2.95%, volatility of 91% (based on historical stock price volatility), expected life of 5 years, and no expected dividend yield.

On June 9, 2022, 8,550,000 share options were granted to consultants, employees and directors. The options have an exercise price of \$0.10 and expire on June 8, 2027, of which 50% of the options vested when granted, and 50% vested on June 8, 2023. The options were valued at \$324,725, which has been expensed. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 2.95%, volatility of 91% (based on historical stock price volatility), expected life of 5 years, and no expected dividend yield.

9. INCOME TAXES

a) Tax losses

As of December 31, 2023, the Company had non-capital losses, carried forward of \$25,933,713 available to reduce future years' taxable income. These losses expire as follows:

<u>Expiry</u>	
2029 - \$ 170,336	2037 - \$ 1,525,829
2030 - \$ 360,312	2038 - \$ 2,943,543
2031 - \$ 324,117	2039 - \$ 2,859,474
2032 - \$ 392,684	2040 - \$ 2,637,975
2033 - \$ 638,392	2041 - \$ 4,822,274
2034 - \$ -	2042 - \$ 4,250,047
2035 - \$ 494,759	2043 - \$ 3,338,675
2036 - \$ 1,175,296	
	<u>\$25,933,713</u>

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10. LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the three-month period ended September 30, 2024 and 2023 was based on the loss attributable to common shareholders of \$693,989 (2023 - \$1,367,373) and the weighted average number of common shares outstanding of 269,984,553 (2023 - 188,237,451). The calculation of basic and diluted loss per share for the nine-month period ended September 30, 2024 and 2023 was based on the loss attributable to common shareholders of \$2,547,096 (2023 - \$3,979,016) and the weighted average number of common shares outstanding of 265,824,099 (2023 - 184,941,142). Diluted loss per share for each of the periods did not include the effect of stock options, warrants or debenture conversions, as they were anti-dilutive.

11. REVENUE

The Company has two main product lines; SIAscopy™, a medical device technology that is used to scan skin for suspicious moles and lesions, and including DermSecure™, its telemedicine software application, and phototherapeutic medical devices, which use light energy in lower-level laser and LED to provide effective treatment of pain and tissue damage in the rehabilitation market. Currently, SIAscopy™ products are sold in Canada, the United States, and Europe while the phototherapeutic products are sold in Canada and the United States.

Sales of the products for the three and nine-months ended September 30, 2024, and 2023 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
SIAscopy	\$ -	\$ 21,351	\$ 2,409	\$ 162,377
Phototherapeutic lasers	90,609	89,908	299,250	227,380
	\$ 90,609	\$ 111,259	\$ 301,659	\$ 389,757

Sales for the nine-months ended September 30, 2024 were made to customers in the following geographic regions: Canada 76%, United States 23% and Europe 1% (year ended December 31, 2023 - Canada 66%, United States 9%, Europe 19%, Rest of World 6%).

Approximately 23% of the Company's revenue for the nine-months ended September 30, 2024, was from one customer (Year ended December 31, 2023 - 16% from one customer).

12. FINANCIAL INSTRUMENTS

The Company is exposed through its operations to a number of financial risks, including credit risk, interest rate risk, foreign currency risk and liquidity risk, arising from its use of financial instruments. The Company has in place processes to manage these risks, as described more fully below.

Fair Value Measurement

The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value into the following hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are directly or indirectly observable.

Level 3 – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The carrying value of accounts receivable, accounts payable and accrued liabilities and demand loans

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approximates fair value due to the relatively short-term maturity of these financial instruments. Convertible debt, lease liabilities and other long-term debt were initially recognized at fair value and categorized as level 2. Subsequent to initial recognition they are carried at amortized cost.

The main risks the Company's financial instruments are exposed to are discussed below.

Credit Risk -

Credit risk is the risk on financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to risk on its trade receivables balances. The risk for the Company is reduced, as for a majority of its revenue, individual transactions are relatively small, are normally to established customers, and often include a deposit for a large portion of the sale or payment in full prior to shipment.

The Company measures the loss allowance at an amount equal to the lifetime ECL that results from possible default events over the expected life of accounts receivables, using a simplified impairment model estimating losses with a provision matrix to measure the lifetime ECL. With respect to the Company's phototherapeutic laser business, the Company has experienced minimal losses, and based on the provision matrix developed where a provision is not considered necessary unless account balances exceed 360 days, there is a provision as of September 30, 2024, of \$116,489 (December 31, 2023 - \$116,489).

The Company maintains cash balances with Canadian commercial banks. As such, the Company believes its credit risk is minimal on cash balances.

Interest Rate Risk -

The Company currently has no exposure to risk with respect to interest rate fluctuations, as its interest-bearing debt is at a fixed rate of interest. The Company may increase debt levels depending on the nature of the financing in the future.

Foreign Currency Risk -

The Company has low exposure to foreign exchange fluctuations with respect to cash as the Company invests surplus funds in Canadian dollar accounts. The Company sells its products internationally. Revenues could be impacted positively or negatively if the exchange rates in the currencies in which the Company sells its products fluctuates. The risk is decreased as customers are invoiced only in currencies that are considered to be stable in international markets. A portion of the Company's costs are from international suppliers and could be impacted by currency fluctuations. However, these requirements are not material to the business, and alternate sources of supply could be utilized if required. There is an impact on the net loss from the translation of the accounts receivable and accounts payable balances at the end of the period that are denominated in currencies other than the Canadian dollar. A 5% change in the exchange rate of those currencies relative to the Canadian Dollar would impact the net loss by less than \$1,000.

The objective in managing foreign exchange risk is to monitor expenditure requirements in the short and medium term by currency and convert available cash to match the requirements. The risks are small enough that hedging would not be considered.

Liquidity risk -

Liquidity risk results from an excess of financial liabilities over available financial assets at any point in time. The Company's objective in managing risk is to ensure that it raises the amount of cash required to fund operating losses and to maintain cash to meet its other obligations. In this regard, the Company has had difficulty raising the level of cash required to meet its financial obligations as they have come due, and in some instances has entered into transactions to settle debts through the issuance of shares. Capital and debt was raised in 2023 and to date in 2024, and the Company must raise

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additional cash to fund its ongoing operating requirements. The Company is in a position where its liabilities are greater than its assets.

The following are the remaining contractual maturities of financial liabilities at the reporting date.

	1 year	2 to 3 years	Total
Accounts payable and accrued liabilities	\$ 2,501,766	\$ -	\$ 2,501,766
Short-term loans	2,085,881	-	2,085,881
Lease liability	55,126	9,796	64,922
Convertible debentures	4,250,000	1,850,000	6,100,000
Canada Emergency Business Account	-	60,000	60,000
At September 30, 2024	\$ 8,892,773	\$ 1,919,796	\$ 10,812,569
At December 31, 2023	\$ 6,940,159	\$ 1,948,229	\$ 8,888,388

The amounts above reflect the contractual undiscounted cash flows which may differ from the carrying values of the liabilities as of the reporting date. Refer to Notes 7 and 8 for additional discussions regarding the contractual maturities of financial liabilities.

13. CAPITAL MANAGEMENT

The Company defines its managed capital as the total of short-term loans, lease liabilities, convertible loans, long-term debt and shareholders' deficiency including share capital, warrants, equity portion of convertible debt, contributed surplus and deficit. As at September 30, 2024 total managed capital was (\$1,635,238) (December 31, 2023 - (\$1,297,573)).

The Company's objectives when managing capital are:

- To maintain balance sheet strength, ensuring the Company's strategic objectives are met, while retaining an appropriate amount of leverage; and
- To provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The Company manages its capital structure within guidelines approved by the Board of Directors. The Company makes adjustment to its capital structure based on changes in economic conditions and the Company's planned requirements. The Company has the ability to adjust its capital structure by issuing new equity or debt, selling assets to reduce debt, controlling the amount it distributes to shareholders, and adjusting its capital expenditure program. There have been no changes in the Company's approach to capital management during 2023 or 2024. The Company is not subject to externally imposed capital restrictions.

14. COMMITMENTS AND CONTINGENCIES

From time to time and in the normal course of business, claims against the Company may be received. The outcome of such claims cannot be determined with certainty, management estimates that any potential payments resulting from outcome is not likely to have a substantial negative impact on the Company's results and financial position.

15. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

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(a) The carrying value amounts attributable to related parties as at September 30, 2024, and December 31, 2023, were as follows:

	September 30		December 31	
	2024		2023	
Accounts payable and accrued liabilities	\$	210,017	\$	192,880
Convertible debentures		2,004,377		1,963,248
Short-term loans		2,085,881		660,681
	\$	4,300,275	\$	2,816,809

See notes 7 and 8 for other related party transaction disclosure relating to short-term loans, convertible debt and stock options issuances.

The Directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

16. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Sales and market development	\$ -	\$ 39,013	\$ -	\$ 666,425
Sales and marketing programs	-116,370	86,179	3,535	235,313
Salaries and benefits, contractors	244,769	159,427	797,988	464,971
Professional fees and public company expenses	124,456	267,524	397,230	352,947
Software platform operating expenses	79,015	194,312	220,113	234,658
Amortization	7,576	8,746	22,727	26,239
Other administrative expenses	56,135	19,455	259,917	50,837
	\$ 395,581	\$ 774,656	\$ 1,701,510	\$ 2,114,815

17. COST OF SALES

Cost of sales is comprised of the following for the three and nine-months ended September 30, 2024 and 2023:

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Materials, labour and overhead	\$ 48,289	\$ 33,741	\$ 151,078	\$ 167,375
Other indirect costs	4,111	7,664	17,133	26,209
Amortization	4,128	4,210	12,385	12,631
	\$ 56,528	\$ 45,615	\$ 180,596	\$ 206,215

18. SALE OF SUBSIDIARIES

The Company disposed of the shares and all other interests in inactive subsidiaries during 2023, for nil consideration. The subsidiaries had been inactive for a number of years, had no assets, and liabilities of \$597,814. The Company recorded a gain on disposal of \$597,814 in 2023.

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19. SUBSEQUENT EVENTS

Subsequent to September 30, 2024:

- (a) Related parties advanced \$250,000 to the Company. The advances incur interest at 10% per annum and are due on demand.