

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine-months ended September 30, 2024 and 2023**

*This Management's Discussion and Analysis has been prepared based on information available to MedX Health Corp. ("MedX" or the "Company") as at the date of this Report. Management's Discussion and Analysis is a narrative explanation to enable the reader to assess material changes in the financial condition and results of operations of the Company as at and during the three and nine months ended September 30, 2024, compared with the three and nine months ended September 30, 2023 as contained in the Company's Interim Condensed Financial Statements, which have been prepared in accordance with IFRS. This management's discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2023.*

**Overview and Review of Operations**

MedX Health Corp. was incorporated on April 15, 1999, in Ontario. The Company has two main product lines; SIAscopy™, a medical device technology including the SIAscopy™ on DermSecure™ telemedicine platform that is used to scan skin for suspicious moles and lesions, and phototherapeutic medical devices, which use light energy in lower-level laser and LED to provide effective treatment offering rapid, drug-free and non-invasive healing in the rehabilitation market for treating pain, tissue damage, swelling and inflammation.

SIAscopy™ is a medical device technology the Company acquired in 2011, that is used to scan suspicious moles and lesions, using specific light wavelengths to penetrate 2mm below the surface of the skin, generating five images of the suspicious mole. The scan is read by a trained physician or dermatologist and a determination is made as to whether the suspicious mole or lesion needs a follow-on appointment, or the patient is deemed clear of follow up. This enables physicians to assess the condition of the moles more effectively and provide more immediate feedback to their patients, improving the quality of care of patients by reducing the need for biopsies, and the resulting pain and potential scarring as well as the anxiety associated with waiting for biopsy results. This technology provides a vastly improved level of certainty for physicians and care for patients.

The Company recently launched its SIAscopy™ on DermSecure™ telemedicine platform. This platform enables the web-based operation of its SIAscopy™ scanning technology and allows the Company to deploy its technology in networks of third-party locations from which patients' mole and lesion scans, along with other relevant patient information can be connected to specialist physicians for remote assessment. The platform enables the Company to move to a recurring revenue model, where it can earn revenue based on the number of patient reports generated from the system.

SIAscopy™ on DermSecure™ complies with international standards, including for privacy and security, with specific processes tailored to each jurisdiction. With its own proprietary system, the Company can more aggressively market the technology in a recurring revenue scenario. The SIAscopy™ technology is proprietary to MedX and has been cleared by

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the FDA in the U.S. and by Health Canada, is CE marked for sale in Europe, with equivalent approval in Brazil, Australia, Turkey and a number of other jurisdictions, totalling 35 countries.

The initial releases of SIAscopy™ on DermSecure™ are a step in the Company's development roadmap, with the objective of updating its SIAscopy™ hardware and software, making it more scalable and marketable. In addition, the Company is updating the scanner hardware components and related software which will result in higher definition images. It is anticipated that with the roll-out of SIAscopy on DermSecure™ and future innovation releases, the Company will continue to evolve both the hardware and software over a number of years to meet the demands of the potential customer base and improve patient access and care. The addition of an additional HD camera to take images of surrounding areas and other skin conditions is also in progress.

SIAscopy on DermSecure™ and MedX's other SIAscopy™ products are sold world-wide. The Company is already working with groups internationally to market SIAscopy™ on DermSecure™ in a number of countries. MedX is also initiating programs in selected South American and European countries and in Canada while pursuing other opportunities in other markets including the United States.

The Company's phototherapeutic products have been available in the market for many years, with a strong reputation for quality and reliability. The Company has sold thousands of its products to practitioners in clinics, academic facilities, hospitals, long-term care facilities, athletes and sports teams. MedX's therapeutic light products are currently sold in Canada and the United States. The Company partners with medical device distributors to sell its products. The markets in which the Company sells these products are highly competitive, characterized by pricing pressure and multiple competitive products. These products are US FDA and Health Canada cleared. The Company updates its products to remain competitive in the market and continues to try to increase its market share.

The Company's SIAscopy™ and therapeutic light products are produced in an ISO 13485, CMDCAS and MDSAP certified manufacturing and testing facility in Mississauga, Ontario.

The Company has a Scientific Medical Advisory Board that includes a number of internationally recognized individuals, who are specialists in various areas related to skin disorders and cancer, that advise the Company as it continues the development of its technology and platform and considers market entry strategies for its skin related product portfolio.

The Company has experienced significant issues with respect to a lack of funding and cash flow and has experienced losses and negative working capital since its inception. The very competitive nature of the market for therapeutic laser products, and the time it has taken to develop the appropriate product offerings and marketing strategies for its SIAscopy™ technology hampered the ability of the Company to generate adequate sales and cash flow. In addition, during the last several years, the Company has invested in

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developing its DermSecure™ telemedicine software platform, and as a result, the Company has not reached a level of profitability that would allow it to market itself aggressively, as is required in the market. The Company has begun a process to build the awareness and benefits of its SIAscopy™ on DermSecure™ telemedicine platform locally and internationally, which should increase revenues going forward and which may improve the likelihood of raising additional capital.

The Company has undertaken a number of financing initiatives to finance the development of its products and to provide cash flow for operations while it builds its revenue base.

In connection with the private placement on June 3 and July 24, 2024, the Company raised net proceeds of \$541,983 from a private placement. 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 for a period expiring December 31, 2026, at an exercise price of \$0.12.

On November 9, 2023, the Company raised net proceeds of \$1,008,142 from a private placement. 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 of two years from the closing date, at an exercise price of \$0.12.

During 2023, the Company raised a total of \$2,965,000 (\$2,918,462, net of expenses) by issuance of Secured Convertible Debentures, which debentures were converted into units on November 17, 2023 at a conversion price of \$0.05, resulting in the issuance of 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. Prior to their conversion, the Secured Convertible Debentures were secured by a registered charge over all the assets of the Company, bearing interest at 8% per year payable quarterly, and maturing on December 31, 2027. The holders of the 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 ended on the conversion.

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

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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.

**Series II Notes –**

The Series II Notes were issued on March 21, 2022, on completion of a private placement, with gross proceeds of \$1,000,000 (\$901,151 net of cash expenses). The Series II 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 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 the outstanding.

**Series III Notes –**

Series III Notes totaling \$1,100,000 (\$1,081,578 net of expenses) were issued between July and October, 2022, as a result of a private placement, 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.

The Company has also benefited in the past from cash provided through short-term loans from related parties during periods when low cash resources were impacting operations and while the Company was raising more substantial funding. As of September 30, 2024, there were \$2,501,766 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, with \$2,045,766 being unsecured and \$456,000 being secured and considered due on demand. A total of \$1,571,000 of short-term loans were advanced to the Company during the first nine months of 2024. An amount of \$116,000 of loans were settled through participation the private placement and \$29,800 repaid in 2024.

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

**Review of Operating Results**

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

**Three Months Ended September 30, 2024 and 2023**

*Revenue -*

Revenue of \$90,609 for the three months ended September 30, 2024 was \$20,650, or 18.6% lower than revenue of \$111,259 for the three months ended September 30, 2023, resulting from a decrease in revenue from on the Siascopy product line.

No revenue was reported from the Company’s SIAscopy™ product line for the third quarter versus \$21,351 of revenue for the prior year period, when the company experienced completion of several large orders. The Company has been working through a number pilot projects with potential customers as it focuses on a number of markets for future growth, which projects have taken time to complete. Revenues of \$90,609 from MedX’s therapeutic laser products for the three months ended September 30, 2024, were marginally higher than \$89,908 for the third quarter in 2023.

*Cost of sales -*

Cost of sales of \$56,528 for the three months ended September 30, 2024, was \$10,913 higher than cost of sales of \$45,615 for the three months ended September 30, 2023. Cost of sales as a percent of sales was 62.4% in the three months ended September 30, 2024 compared with 41% for the three months ended September 30, 2023.

*Gross profit -*

Gross profit for the three months ended September 30, 2024, was \$34,081, a decrease of \$31,563 from gross profit of \$65,644 for the three months ended September 30, 2023, as

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a result of lower revenues. The gross margin for three months ended September 30, 2024, was 37.6% of sales versus 59% of sales in the prior year.

*Selling, general and administrative expenses –*

Administrative expenses of \$395,581 for the three months ended September 30, 2024 were \$379,075, or 48.9% lower than expenses of \$774,656 for the three months ended September 30, 2023. The decrease resulted from less spending on sales and market development and the reversal of prior accruals as the Company reduced spending to conserve costs as it awaits the completion of the sales cycle from a number of projects. Professional fees and public company related expenses were also lower as a result of reducing spending.

*Product and software development –*

Product and software development expenses of \$125,551 for the three months ended September 30, 2024, were similar to expenses of \$124,614 in the prior year period, as the Company continues to improve its product offering.

*Interest expense –*

Interest expense of \$206,938 for the three months ended September 30, 2024, was significantly lower than \$533,747 of interest expense for the three months ended September 30, 2023, due to the conversion of a significant portion of convertible debt in the last year.

*Net loss for the period –*

The net loss of \$693,989 for the three months ended September 30, 2024 was \$673,384 lower than the loss of \$1,367,373 for the three months ended September 30, 2023. While the gross profit was lower than in the prior comparative period, decreases in selling, general and administrative expenses and a large decrease in interest expenses contributed to the lower net loss.

**Nine Months Ended September 30, 2024 and 2023**

*Revenue -*

Revenue of \$301,659 for the nine months ended September 30, 2024 was \$88,098, or % lower than revenue of \$389,757 for the nine months ended September 30, 2023, resulting from a decrease as the company awaits completion of the sales cycle from a number of projects.

Revenues from the Company's SIAscopy™ product line for the three quarters were \$2,409 a decrease of \$159,968 from revenues of \$162,377, for the prior year period. The Company has been working through a number pilot projects with potential customers as it focuses on a number of markets for future growth, which projects have taken time to complete. Revenues from MedX's therapeutic laser products of \$299,250 for the nine months ended September 30, 2024, were \$71,870 or 31.6% higher than \$227,380 for the

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three quarters. The increase is due to an increase sales efforts in the therapeutic laser products line.

*Cost of sales -*

Cost of sales of \$180,596 for the nine months ended September 30, 2024, was \$25,619 lower than cost of sales of \$206,215 for the nine months ended September 30, 2023. Cost of sales as a percent of sales was 59.9% in the nine months ended September 30, 2024 compared with 52.9% for the nine months ended September 30, 2023.

*Gross profit -*

Gross profit for the nine months ended September 30, 2024, was \$121,063 a decrease of \$62,479 from gross profit of \$183,542 for the nine months ended September 30, 2023. The gross margin for nine months ended September 30, 2024, was 40.1% of sales versus 47.1% of sales in the prior year.

*Selling, general and administrative expenses –*

Administrative expenses of \$1,701,510 for the nine months ended September 30, 2024 were \$413,305, or 19.5% lower than expenses of \$2,114,815 for the nine months ended September 30, 2023. Reductions in sales and marketing development and program expenses resulted in lowered costs.

*Product and software development –*

Product and software development expenses of \$393,227 for the nine months ended September 30, 2024, were \$70,552 lower than expenses of \$463,779 in the prior year period. The decrease resulted as the Company focused spending on key aspects related to immediate operational requirements for its SIAscopy™ on DermSecure™ telemedicine platform.

*Interest expense –*

Interest expense of \$573,422 for the nine months ended September 30, 2024, was significantly lower than \$1,583,964 of interest expense for the nine months ended September 30, 2023. The decrease was due to the conversion of a significant portion of convertible debt in the last year.

*Net loss for the period –*

The net loss of \$2,547,096 for the nine months ended September 30, 2024 was \$1,431,920 lower than the loss of \$3,979,016 for the nine months ended September 30, 2023. This is due to the lower selling and administrative expenses, lower product development costs and a significant reduction of interest expenses.

**Liquidity and Capital Resources**

The Company had a working capital deficit of \$8,027,267 as of September 30, 2024, compared with a working capital deficit of \$6,345,784 as of December 31, 2023, resulting from higher accounts payable and short-term loan balances required to fund the losses

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during the period. The Company had an accumulated deficit of \$53,396,823 and a shareholders' deficiency of \$8,972,469 as of September 30, 2024. Despite raising a significant amount of debt and equity during 2023 and early in 2024, the current financial conditions for the Company are such that there is an existence of uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company continues to review alternatives for additional financing.

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 been able to raise capital to continue to market its products, including raising net proceeds \$541,983 through a private placement in June and July 2024 and raising net proceeds of \$3,412,269 in 2023 from the issuance of convertible debentures and equity. An additional \$1,571,000 of short-term loans was also advanced to the Company in the first nine months of 2024.

The Company's 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.

With a lack of profitability to date, and a history of negative working capital and negative cash from operations, the Company manages its cash resources and expenditure levels carefully to ensure that risks are minimized, while focusing spending on key priorities. The Company is taking significant steps in 2024 to reduce costs by cutting back spending on sales and marketing initiatives and on the number of people involved in its operations.

During periods of reduced cash flow, the Company has been able to access cash by entering into unsecured short-term loans with related parties in order to ensure operating cash flow, which amounts are then repaid on completion of raising more permanent equity or longer-term debt.

As of September 30, 2024, the Company's capital resources consist of the following:

*Accounts payable and accrued liabilities –*

The Company had \$2,501,766 of accounts payable and accrued liabilities as of September 30, 2024, an increase of \$523,684 from \$1,978,082 as of December 31, 2023, resulting from the deferral of vendor payments due to a lack of available cash.

*Short-term loans –*

As of September 30, 2024, there were \$2,501,766 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, with \$2,045,766 being

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unsecured and \$456,000 of the loans secured by a promissory note with a charge over the Company’s assets. A total of \$1,571,000 of short-term loans were advanced to the Company during the first nine months of 2024. An amount of \$116,000 were settled through participation in 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 on September 29, 2023, through participation in a private placement of shares and \$50,000 was repaid.

*Long-term debt –*

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

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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 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 agent's warrants 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

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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:

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

Secured Convertible Debentures -

During 2023, the Company raised a total of \$2,965,000 (\$2,918,462, net of expenses) by 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 entered into Intercreditor Agreements with each other and the Company, pursuant to which their rights to participate in the security are treated on a pari passu basis.

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

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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 \$589,959 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:

	<b>September 30</b>	December 31
	<b>2024</b>	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	<b>(50,000)</b>	(1,184,970)
Interest Expense	<b>464,935</b>	2,121,897
Contractual interest repayment	<b>(309,477)</b>	(598,352)
Balance, end of period	<b>\$ 5,139,428</b>	\$ 5,033,970

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

**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 loan is due on December 31, 2026.

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*Share Capital –*

The issued and outstanding shares and share capital of the Company is as follows:

	<b>Number of shares</b>	<b>Stated Capital</b>
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	<b>261,956,603</b>	<b>26,951,856</b>
Issued for cash (a)	<b>7,857,142</b>	<b>312,291</b>
Issued on conversion of convertible debentures (b)	<b>357,143</b>	<b>52,672</b>
Outstanding at September 30, 2024	<b>270,170,888</b>	<b>\$ 27,316,819</b>

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 for a period expiring 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.

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

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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 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. 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 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.

b) 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.

c) 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

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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>	<b>Number of Subscriber Warrants</b>	<b>WAEP \$</b>
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
<b>Outstanding at December 31, 2023</b>	<b>94,224,044</b>	<b>0.17</b>
Warrants expired	(17,495,472)	0.14
Warrants issued	8,035,714	0.12
<b>Outstanding at September 30, 2024</b>	<b>84,764,286</b>	<b>0.17</b>

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 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

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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 obtained regulatory acceptance for amendment of the terms of 17,495,472 share purchase warrants issued in April, May and July 2020 in connection with Private Placements completed at that time. The expiry of the warrants was extended 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.

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

<b>Date Issued</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b># of Warrants</b>	<b>\$</b>
June 29, 2023	December 31, 2026	\$0.07	<b>2,857,144</b>	<b>62,070</b>
September 7, 2023	December 31, 2026	\$0.12	<b>12,214,285</b>	<b>329,644</b>
September 29, 2023	December 31, 2026	\$0.12	<b>1,642,857</b>	<b>47,856</b>
November 9, 2023	December 31, 2026	\$0.12	<b>714,286</b>	<b>21,480</b>
November 17, 2023	December 31, 2027	\$0.20	<b>59,300,000</b>	<b>915,773</b>
May 17, 2024	December 31, 2025	\$0.20	<b>178,572</b>	<b>22,573</b>
June 3, 2024	December 31, 2026	\$0.12	<b>7,142,856</b>	<b>208,452</b>
July 24, 2024	December 31, 2026	\$0.12	<b>714,286</b>	<b>21,240</b>
			<b>84,764,286</b>	<b>1,629,088</b>

d) 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

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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>	<b>Number of Options</b>	<b>WAEP \$</b>
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	<b>17,120,000</b>	<b>0.12</b>
Granted	<b>2,700,000</b>	<b>0.10</b>
Expired/forfeited	<b>(600,000)</b>	<b>0.16</b>
<b>Outstanding, September 30, 2024</b>	<b>19,220,000</b>	<b>0.12</b>

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 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 25% of the remaining 2,400,000 options vesting 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 remainder will be expensed as the options vest. The value was determined using the Black-Scholes

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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 March 31, 2023, 400,000 options were granted to consultants; these options have an exercise price of \$0.10, vested immediately, and expire on March 31, 2026. The options were valued at \$20,475, which has been expensed. 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% vest 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.

**Issued and Outstanding Shares, Warrants and Stock Options**

As at September 30, 2024 and the date of this Report the following total number of shares, warrants, and stock options were outstanding:

	<b>September 30 2024</b>	<b>November 29 2024</b>
Common shares	270,170,888	270,170,888
Warrants	84,764,286	84,764,286
Stock Options	19,220,000	19,220,000
<b>Total</b>	<b>374,155,174</b>	<b>374,155,174</b>

**Summary of Quarterly Results**

*Amounts in \$000's, except per share amounts*

Quarter Ended	September 30 2024	June 30 2024	March 31 2024	December 31 2023	September 30 2023	June 30 2023	March 31 2023	December 31 2022
Revenues	\$91	\$104	\$106	\$71	\$111	\$279	\$49	\$213
Comprehensive Income/(Loss)	(\$693)	(\$926)	(\$926)	(\$597)	(\$1,367)	(\$2,611)	(\$1,230)	(\$1,353)
Income (loss) per share	\$0.00	\$0.00	\$0.00	(\$0.02)	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.01)

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As the foregoing schedule indicates, results over the past eight quarters have fluctuated. As the Company is building its revenue through several distribution channels, sales can fluctuate by quarter, depending on the timing of orders. Periods with higher losses have resulted in part from the product development costs being incurred and non-cash share-based compensation.

**Capital Resources –**

The Company has spent approximately \$3.8 million during the last five years to develop its SIAscopy™ on DermSecure™ telemedicine platform. Spending in 2023 was lowered as less cash was available for development, and further updating will be undertaken as cash is available.

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 manages its capital structure within guidelines approved by the Board of Directors. The Company makes adjustments 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 making adjustments to 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.

**Contractual Obligations**

The Company leases space for its office and manufacturing facility. The Company signed a lease for the facility during 2020, entering into a five-year lease, with minimum lease obligations of \$39,199 in 2024 and \$38,229 in 2025.

**Significant Accounting Judgments and Estimates**

The preparation of the Financial Statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and are reviewed periodically, and adjustments, if necessary, are made in the period in which they are identified. Actual results could differ from those estimates.

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**Judgements:**

Going concern – The preparation of the Financial Statements requires management to make judgements regarding its ability to continue as a going concern as discussed in Note 1 of the Financial Statements.

Revenue recognition – Management makes judgements with respect to the point of time at which revenue is recognized, and whether the revenue will be recognized at point of time or over a period of time, as discussed in Note 2 – Revenue Recognition.

Estimates:

Deferred revenue – Deferred revenue is estimated based on the period over which revenue is recognized and an estimate of the portion of the amount of revenue related to the performance obligation recognized over time.

Expected credit losses – Management estimates the collectability of specific accounts and records an appropriate allowance for credit losses, as discussed in Note 13 – Credit Risk.

Inventory valuation – Management assesses the net realizable value based on a review of estimated selling prices net of costs to make the sale, taking into account current market conditions and historic experience.

Convertible debentures – Management determines an appropriate discount rate used to determine the present value of the obligations in assessing the value attributable to the liability and equity components of convertible loans.

Other estimates – Estimates are also used in determining, but are not limited to, share-based compensation, warrants, the useful lives of assets, the amount of right of use assets, debenture conversions, the (Gain) loss on debt settlements, shares for services and deferred income taxes, which are discussed in Note 2 and in their respective notes.

**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 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:

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*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

## **Financial Instruments**

### **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 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

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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 of \$116,490 as of September 30, 2024 (December 31, 2023 - \$116,490).

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 has been raised in 2023 and to date in 2024, and the Company must raise additional cash to fund its ongoing operating requirements. The Company is in a position where its liabilities are greater than its assets.

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	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
<b>At September 30, 2024</b>	<b>\$ 8,892,773</b>	<b>\$ 1,919,796</b>	<b>\$ 10,812,569</b>
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 of the Financial Statements for additional discussions regarding the contractual maturities of financial liabilities.

**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.

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

	September 30 2024	December 31 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
	<b>\$ 4,300,275</b>	<b>\$ 2,816,809</b>

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

The value of transactions with related parties for the nine-months ended September 30 were as follows:

	September 30 2024	September 30 2023
Interest expense	\$ 69,740	\$ 172,156
Legal fees	-	31,067
	<b>\$ 69,740</b>	<b>\$ 203,223</b>

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Remuneration of Directors and key management personnel of the Company for the nine-months ended September 30 were as follows:

	<b>September 30 2024</b>	September 30 2023
Consulting fees	\$ 180,000	\$ 255,900
Share-based compensation	17,514	116,615
	<b>\$ 197,514</b>	<b>\$ 372,515</b>

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

The sale of the subsidiary companies in 2023 as described in Note 18 of the Financial Statements was made to a company owned by a related party.

**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.

**Risks and Uncertainties**

Although not exhaustive, the following list summarizes some of the key risks the Company faces, as well as, strategies the Company employs to manage these risks:

*Market, Operating and Competitive Risks –*

The market opportunity for the Company’s products is dependent upon external factors such as the level of regulation of the medical device and diagnostic market, acceptance of the Company’s products by the medical and healthcare profession and patient/consumer interest. As well, the Company has larger competitors who have larger customer bases and more significant financial and operating resources which may make it more difficult for the Company to compete in the marketplace.

*Technology Risks –*

The Company has invested significant resources in its products to ensure that they provide its customers with a competitive product offering relative to other suppliers in its industry. As a result of its financial position, the Company has not been able to confirm the existence of all of its intellectual property, and if the Company has not protected its intellectual property adequately or if it infringes third party intellectual property rights, it may lose its competitive advantage and incur significant costs and loss of reputation that could materially negatively impact its business. To manage this risk, the Company has invested significant resources in product development and professional assistance to protect its intellectual property and avoid possible infringement of third-party rights.

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*Operating Losses –*

The Company has experienced operating losses since incorporation in 1999. As at September 30, 2024, MedX has a deficit in excess of \$53 million. The Company may continue to incur additional losses and negative cash flows from operations and may never achieve profitability. Its success will depend mainly on its ability to generate enough operating income to achieve profitability and to develop its products and technology to capture meaningful market share. MedX may be unable to achieve profitability and this inability could have a material adverse effect on the Company's business, results of operations and financial condition.

*Capital Requirements/Financing –*

The Company relies on funding from internally generated revenues and external sources to provide sufficient capital to continue ongoing operations. There is no certainty that internal profits will be generated or that the Company will be successful in attracting external sources of capital. If MedX does not have sufficient capital to fund its operations, it may be required to curtail certain business operations.

*Foreign Exchange Rate Risks –*

MedX reports its financial results in Canadian Dollars. A substantial amount of revenues are derived from customers outside of Canada which are transacted in US dollars and other currencies. The Company has balances of receivables and payables denominated in non-Canadian currencies, which could be impacted by currency fluctuations also impacting reported revenues, margins and results of operations.

*Lack of Dividends –*

MedX anticipates that for the foreseeable future, the Company's earnings, if any, will be retained for use in the business, and no dividends will be paid.

*Key Personnel Risk –*

The future success of the Company is dependent upon the Company's ability to retain, recruit and train senior management, technical, sales and managerial personnel. Competition for qualified employees is intense and it may be possible that the Company is unable to retain and recruit qualified personnel in the future.

**Other Risks and Uncertainties –**

MedX is in the initial stages of commercialization of some of its products, facing corresponding risks. Future results may differ materially because of fluctuations in the Company's operating results due to changes in the cost of components used to manufacture the Company's products, changes in the regulatory environment for medical devices in the United States, Canada, and internationally, changes in the Company's markets including competitors' new product introductions, and the acceptance in the market for the Company's product offerings.

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**Forward-Looking Statements**

This Management's Discussion and Analysis contains certain "forward-looking statements." All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding financial and business prospects and financial outlook) are forward looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company, based on information currently available to the Company. Forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in general economic and market conditions, changes to regulations affecting the Company's activities, and uncertainties relating to the availability and costs of financing needed in the future. Any forward-looking statement speaks only as at the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

**Additional information**

Additional information relating to the Company is available at [www.sedarplus.ca](http://www.sedarplus.ca), and may also be obtained by request to the Company.

**Dated: November 29, 2024**