

MEDX HEALTH CORP.

Interim Condensed Financial Statements

For the Three and Nine Months Ended September 30, 2025 and 2024

(UNAUDITED)

(Presented in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying interim condensed financial statements (“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, 2025 and 2024 have not been reviewed by the Company's auditor.

December 1, 2025
Mississauga, Ontario

MEDX HEALTH CORP.

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

	September 30 2025	December 31 2024
ASSETS		
Current assets		
Cash	\$ 25,513	\$ 158,290
Accounts receivable (Note 3)	58,537	29,541
Inventory (Note 4)	397,604	376,526
Sales taxes receivable	451,008	264,344
Prepaid expenses and deposits	15,549	16,130
	948,211	844,831
Non-current assets		
Property, equipment and right of use asset (Note 5)	307,107	39,318
	\$ 1,255,318	\$ 884,149
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 15)	\$ 2,809,187	\$ 2,384,111
Deferred revenue	9,872	9,872
Short-term loans (Note 7)	4,403,000	3,950,881
Current portion of Long-term debt (Note 7)	2,495,169	1,987,730
	9,717,228	8,332,594
Non-current liabilities		
Long-term debt (Note 7)	1,558,900	1,075,655
	11,276,128	9,408,249
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 8)	28,896,955	27,488,507
Warrants (Note 8)	2,407,981	1,790,082
Equity portion of convertible debt	2,338,034	2,338,034
Contributed surplus	15,050,334	14,361,975
Deficit	(58,714,114)	(54,502,698)
	(10,020,810)	(8,524,100)
	\$ 1,255,318	\$ 884,149

See accompanying notes to the financial statements.

MEDX HEALTH CORP.

Interim Condensed Statements of Loss and Comprehensive Loss

(Unaudited)

Presented in Canadian dollars

Three and Nine Months ended September 30, 2025 and 2024

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Revenue	\$ 135,268	\$ 90,609	\$ 334,865	\$ 301,659
Cost of sales	98,035	56,528	232,338	180,596
Gross profit	37,233	34,081	102,527	121,063
Expenses				
Selling, general and administrative (Note 16)	790,554	395,581	2,754,056	1,701,510
Product and software development	125,400	125,551	375,149	393,227
Interest expense	404,834	206,938	1,184,738	573,422
	1,320,788	728,070	4,313,943	2,668,159
Net loss and comprehensive loss for the period	\$ (1,283,555)	\$ (693,989)	\$ (4,211,416)	\$ (2,547,096)
Income (loss) per share, basic and fully diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	301,792,316	269,984,553	288,464,533	265,824,099

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, 2025 and 2024

	Number of Common Shares	Common Shares	Warrants	Equity Portion of Convertible Debt	Contributed Surplus	Deficit	Total
Balance, December 31, 2024	272,313,745	\$ 27,488,507	\$ 1,790,082	\$ 2,338,034	\$ 14,361,975	\$ (54,502,698)	(8,524,100)
Net loss for the period	-	-	-	-	-	(4,211,416)	(4,211,416)
Issuance of units	29,478,571	1,408,448	617,899	-	-	-	2,026,347
Share-based compensation	-	-	-	-	688,359	-	688,359
Balance, September 30, 2025	301,792,316	\$ 28,896,955	\$ 2,407,981	\$ 2,338,034	\$ 15,050,334	\$ (58,714,114)	\$ (10,020,810)
Balance, December 31, 2023	261,956,603	\$ 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	7,142,856	312,291	229,692	-	-	-	541,983
Conversion of convertible debentures	357,143	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	269,456,602	\$ 27,316,819	\$ 1,629,088	\$ 3,279,743	\$ 12,198,704	\$ (53,396,823)	\$ (8,972,469)

See accompanying notes to the financial statements.

MEDX HEALTH CORP.
Interim Condensed Statements of Cash Flows
(Unaudited)
Presented in Canadian dollars

Three and nine months ended September 30, 2025 and 2024

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Cash flows from operating activities				
Net loss for the period	\$ (1,283,555)	\$ (693,989)	\$ (4,211,416)	\$ (2,547,096)
Adjustments for non-cash items				
Depreciation of property, equipment and right of use asset	12,931	11,704	35,835	35,112
Interest expense	404,834	206,938	1,184,738	573,422
Share-based compensation	55,181	38,994	688,359	124,493
	<u>(810,609)</u>	<u>(436,353)</u>	<u>(2,302,484)</u>	<u>(1,814,069)</u>
Net change in non-cash operating working capital items:				
Accounts receivable	(38,749)	3,940	(28,996)	(11,986)
Inventory	15,507	(20,924)	(21,078)	(68,540)
Sales taxes receivable	(51,299)	(23,567)	(186,664)	(123,668)
Prepaid expenses and deposits	141	-	581	(677)
Accounts payable and accrued liabilities	328,682	(70,864)	420,079	523,683
	<u>254,283</u>	<u>(111,415)</u>	<u>183,923</u>	<u>318,812</u>
Interest paid	(131,320)	(151,281)	(455,869)	(417,964)
Net cash used in operating activities	<u>(687,646)</u>	<u>(699,049)</u>	<u>(2,574,430)</u>	<u>(1,913,221)</u>
Cash flows from financing activities				
Proceeds from issuance of units, net of issue costs	-	50,000	1,526,347	425,983
Repayment of lease liability	(13,377)	(13,000)	(32,013)	(37,702)
Proceeds from issuance of short-term loans	600,000	680,000	955,000	1,571,000
Repayment of short-term loans	-	(25,000)	(7,681)	(29,800)
Net cash from financing activities	<u>586,623</u>	<u>692,000</u>	<u>2,441,653</u>	<u>1,929,481</u>
Net change in cash for the period	(101,023)	(7,049)	(132,777)	16,260
Cash, beginning of period	126,536	161,494	158,290	138,185
Cash, end of period	\$ 25,513	\$ 154,445	\$ 25,513	\$ 154,445
Non-cash transactions (Note 7)	\$ -	\$ -	\$ 500,000	\$ 116,000

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, 2025 and 2024
(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, 2025, the Company had current liabilities in excess of current assets of \$8,769,018 (December 31, 2024 – \$7,487,763), had an accumulated deficit of \$58,714,114 (December 31, 2024 - \$54,502,968), and shareholders' deficiency of \$10,020,810 (December 31, 2024 - \$8,524,100). 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 raised equity and debt during 2024 and 2025 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, 2025, 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, 2025, 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, 2024, 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 2024 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, 2024.

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

These financial statements were approved by the Board of Directors effective December 1, 2025

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.

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 2024 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, 2025 (December 31, 2024 - \$116,490).

4. INVENTORY

	September 30	December 31
	2025	2024
Raw materials	\$ 231,740	\$ 228,838
Finished goods	165,864	147,688
	\$ 397,604	\$ 376,526

During 2025 and 2024, the Company did not make a provision for inventory it considers obsolete.

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
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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, 2024	\$ 155,401	55,112	214,893	425,406
Additions	-	-	-	-
Balance, December 31, 2024	155,401	55,112	214,893	425,406
Additions	-	-	303,624	303,624
Lease expiry	-	-	(214,893)	(214,893)
Balance September 30, 2025	\$ 155,401	55,112	303,624	514,137
Accumulated Depreciation				
Balance, January 1, 2024	\$ 144,180	51,829	143,263	339,272
Depreciation	3,273	565	42,979	46,816
Balance, December 31, 2024	147,453	52,394	186,242	386,088
Depreciation	1,753	370	33,713	35,835
Lease expiry	-	-	(214,893)	(214,893)
Balance September 30, 2025	\$ 149,206	\$ 52,763	\$ 5,061	\$ 207,030
Carrying Value				
Balance, December 31, 2024	\$ 7,948	\$ 2,718	\$ 28,651	\$ 39,318
Balance September 30, 2025	\$ 6,195	\$ 2,349	\$ 298,563	\$ 307,107

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, taxes, interest and other accrued liabilities.

	September 30 2025	December 31 2024
Accounts payable	\$ 817,614	\$ 336,782
Payroll withholdings	259,654	144,055
Accrued Interest	479,374	520,398
Other accrued liabilities	1,252,545	1,382,876
	\$ 2,809,187	\$ 2,384,111

7. SHORT-TERM LOANS AND LONG-TERM DEBT

a) Short-term loans

	September 30 2025	December 31 2024
Demand loans - related parties	\$ 3,153,000	\$ 2,700,881
Demand loans - other	1,250,000	1,250,000
	\$ 4,403,000	\$ 3,950,881

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

Demand loans – related parties:

As of September 30, 2025, there were \$3,153,000 of short-term loans owing by the Company to related parties (December 31, 2024 - \$2,700,881). The loans have an interest rate of 10% per annum and are considered due on demand. Of the loans, \$2,697,000 are unsecured and \$456,000 are secured by a charge on the Company's assets through a promissory note. During 2025, \$955,000 was advanced to the Company, \$500,000 was settled through participation in a private placement, and \$7,681 was repaid.

A total of \$2,206,000 of short-term loans were advanced to the Company during 2024, \$116,000 were settled through participation in a private placement and \$49,800 was repaid.

Demand loans – other:

These loans represent the balance owing on the previous Series I Convertible Notes that matured on December 31, 2023, were not extended by the note holders, remain unpaid and are considered due on demand. They are unsecured, bearing interest at 6.0%, payable quarterly.

b) Long-term debt

	September 30	December 31
	2025	2024
Convertible debentures	\$ 3,694,025	\$ 2,965,156
Lease liability	300,044	38,229
Canada Emergency Business Account	60,000	60,000
	4,054,069	3,063,385
Less:		
Current portion of Convertible debentures	(2,449,617)	(1,949,501)
Current portion of lease liability	(45,552)	(38,229)
	(2,495,169)	(1,987,730)
	\$ 1,558,900	\$ 1,075,655

Convertible Debentures

Convertible Debenture Loan Notes –

Extended Series I Notes –

As of September 30, 2025, there were \$2,650,000 (December 31, 2024 - \$2,650,000) of Extended Series I Notes owing by the Company.

In 2024, note-holders representing \$3,000,000 of Series I Notes originally issued in 2021 that matured on December 31, 2023, agreed to an extension of their notes, on the same terms, until December 31, 2025. The Notes, referred to as the Extended Series I Notes, are unsecured, have an interest rate of 6.0%, payable quarterly, and 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. The Company obtained Final Acceptance from the TSXV for the extension of the Notes in 2024, and during 2024, \$350,000 of the Notes were converted to units.

In 2024, the original amount of the Equity portion of the \$4,250,000 of the debentures outstanding as of December 31, 2023, amounting to \$2,149,630, was transferred Contributed surplus. On the extension of the due date for the \$3,000,000 of loans in 2024, the loans were considered and accounted for in 2024 as new convertible debentures, and the Company determined the value of the debt to be \$1,661,426 based on the net present value of the loan interest and principal over the extended term of the loans, using a discount rate of 38%, with the remaining \$1,338,574 allocated

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

to the equity portion of the convertible debentures.

The remaining \$1,250,000 of the Series I loans were removed from Long-term debt and included in Short-term loans.

On May 17, 2024, \$50,000 of the Extended 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 \$31,063, of which \$17,085 was allocated to share capital and \$13,978 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 \$22,310, and this amount has been deducted from the equity component of the convertible debentures, of which \$12,271 was allocated to share capital and \$10,039 to warrants, allocated on the same basis.

On December 12, 2024, \$300,000 of the Extended Notes were converted into units, at \$0.14, resulting in the issuance of 2,142,857 common shares and 1,071,428 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 \$220,697, of which \$121,383 was allocated to share capital and \$99,314 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 \$133,857, and this amount has been deducted from the equity component of the convertible debentures, of which \$73,621 was allocated to share capital and \$60,236 to warrants, allocated on the same basis.

Series II Notes –

As of September 30, 2025, there are \$1,000,000 (December 31, 2024 - \$1,000,000) of Series II Notes owing by the Company. 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 are unsecured, 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, the Company may have the right to force redemption of any Notes then outstanding. In connection with this placement, 177,778 agent’s warrants were issued, which expired on March 21, 2024.

Series III Notes –

As of September 30, 2025, there are \$850,000 (December 31, 2024 - \$850,000) of Series III Notes owing by the Company. The Series III Notes are unsecured, have an interest rate of 8.0%, payable semi-annually, and are due on December 31, 2026. They are convertible into units at \$0.10, 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 of the Notes after January 1, 2025.

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

The balance of Convertible debentures as of September 30, 2025 and December 31, 2024 is as follows:

	September 30	December 31
	2025	2024
Face value	\$ 4,500,000	\$ 4,500,000
Balance to be accreted	805,975	1,534,844
	\$ 3,694,025	\$ 2,965,156

The change in the balance of the Convertible debentures for the nine months ended September 30, 2025, and the year ended December 31, 2024, is as follows:

	September 30	December 31
	2025	2024
Balance, beginning of period	\$ 2,965,156	\$ 5,033,970
Maturity of Convertible debentures	-	(1,250,000)
Amount allocated to equity	-	(1,338,574)
Conversion of Convertible debt	-	(251,760)
Interest Expense	962,651	1,113,581
Contractual interest repayment	(233,782)	(342,061)
Balance, end of period	\$ 3,694,025	\$ 2,965,156

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 new lease on September 1, 2025, and a liability of \$303,624 was recognized; the balance as of September 30, 2025, is \$300,044 (December 31, 2024 - \$38,229).

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 bears interest at 5% per annum, and the loan is due on December 31, 2026.

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
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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, 2024	261,956,603	\$ 26,951,856
Issued for cash (a)	7,857,142	312,291
Issued on conversion of convertible debentures (b)	2,500,000	224,360
Outstanding at December 31, 2024	272,313,745	27,488,507
Issued for cash (a)	29,478,571	1,408,448
Outstanding at September 30, 2025	301,792,316	\$ 28,896,955

a) Shares issued for cash

On April 3, May 22 and June 6, 2025, the Company raised net proceeds of \$2,026,347 from a private placement, summarized as follows:

Date	# of Units	Unit Price	Gross Proceeds	Issue Costs	Net Proceeds	Broker Warrants	Allocation to Shares	Allocation to Warrants
April 3	13,500,000	\$ 0.07	\$ 945,000	\$ 25,214	\$ 919,786	\$ 5,341	\$ 654,980	\$ 264,805
May 22	7,300,000	\$ 0.07	511,000	2,949	508,051	-	346,053	161,999
June 6	8,678,571	\$ 0.07	607,500	8,990	598,510	1,816	407,415	191,095
	29,478,571		\$ 2,063,500	\$ 37,153	\$ 2,026,347	\$ 7,157	\$ 1,408,448	\$ 617,899

The placement consisted of the sale of 29,478,571 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 one year from the closing date, at an exercise price of \$0.09. A total of \$500,000 was subscribed for by related parties in this placement, whose demand loans were thereby reduced.

In addition, in connection with the placement, the Company issued 226,857 broker warrants, which are exercisable for a period of one year, to acquire a unit at \$0.07, comprising a common share and a warrant exercisable for one year at \$0.09.

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 and the value of the broker warrants were allocated in the same manner as the proceeds, reducing the amounts recorded as share capital and warrants. See note 8(c) with respect to the calculation of the value of the warrants.

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

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

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(c) with respect to the calculation of the value of the warrants.

b) Shares issued on conversion of Convertible debentures

The company issued 2,142,875 shares on December 12, 2024, on the conversion of \$300,000 of Extended 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 \$195,004 being added to share capital as a result.

The company issued 357,143 shares on May 17, 2024, on the conversion of \$50,000 of Extended 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 \$29,356 being added to share capital as a result.

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 value of warrants has been estimated in each case using the Black-Scholes pricing model as of the date of the transaction.

	Number of Subscriber Warrants	WAEP \$
<i>(WAEP - Weighted-Average Exercise Price)</i>		
Outstanding at January 1, 2024	94,224,044	0.17
Warrants expired	(17,495,472)	0.14
Warrants issued	9,107,142	0.13
Outstanding at December 31, 2024	85,835,714	0.18
Warrants issued	29,478,571	0.09
Outstanding at September 30, 2025	115,314,285	0.11

With respect to the private placement completed in 2025, the number of warrants and the assumptions used in the Black-Scholes calculations are summarized as follows:

Date	# of Warrants	Exercise Period (Yrs)	Exercise Price	# of Broker Warrants	Share Price	Interest Rate	Volatility	Warrant Value
April 3	13,500,000	1	\$ 0.09	104,000	\$ 0.060	2.62%	133%	\$ 0.02
May 22	7,300,000	1	\$ 0.09	-	\$ 0.080	2.62%	132%	\$ 0.04
June 6	8,678,571	1	\$ 0.09	122,857	\$ 0.080	2.62%	131%	\$ 0.04

With respect to the private placement in 2025, 226,857 broker warrants were issued, with each exercisable to acquire one unit for \$0.07. Each unit is comprised of one fully paid common share and one share purchase warrant. Each whole share purchase warrant will be exercisable to purchase one further common share at for \$0.09, exercisable for one year. The value of the broker

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements

For the Three and Nine Months Ended September 30, 2025 and 2024

(Unaudited)

Presented in Canadian dollars

warrants issued was determined to be \$7,157, using the Black-Scholes option pricing model. For broker warrants issued, a risk-free interest rate of 2.81% volatility of 132% (based on historical stock price volatility), expected life of 1 year, and no expected dividend yield was used.

As a result of the conversion of Extended Series I Notes on May 17, 2024, and December 12, 2024, 178,572 and 1,071,428 warrants were issued, respectively, with each warrant exercisable to purchase one common share for \$0.20, up to December 31, 2025. The value of the warrants issued of \$24,017 and \$159,550, respectively, resulted from allocation of the reduction of the debt and equity portion of the Notes at the dates 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.

Warrants expired include:

On June 30, 2024, 17,495,472 warrants with an exercise price of \$0.14 expired. These warrants were valued at \$452,423 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.

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

Warrants outstanding (including 226,857 broker warrants with an exercise price of \$0.07) as at September 30, 2025, 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, 2025	\$0.20	178,572	24,017
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
December 12, 2024	December 31, 2025	\$0.20	1,071,428	159,550
April 3, 2025	April 3, 2026	\$0.09	13,604,000	264,806
May 22, 2025	May 22, 2026	\$0.09	7,300,000	161,999
June 6, 2025	June 6, 2026	\$0.09	8,801,428	191,094
			115,541,142	2,407,981

d) Stock options

In accordance with the Company's amended 2014 Incentive Stock Option Plan there are 30,000,000 options available under the plan.

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, 2025, there were 22,300,000 options that have been granted and are outstanding, with 7,700,000 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 year ended December 31, 2024, and nine months ended September 30, 2025, is summarized as follows:

<i>(WAEP - Weighted-Average Exercise Price)</i>	Number of Options	WAEP \$
Outstanding, January 1, 2024	17,120,000	0.12
Granted	2,700,000	0.10
Expired/forfeited	(4,720,000)	0.17
Outstanding, December 31, 2024	15,100,000	0.10
Granted	10,300,000	0.10
Expired/forfeited	(3,100,000)	0.10
Outstanding, September 30, 2025	22,300,000	0.10

The outstanding options have exercise prices in the range of \$0.10 and \$0.17, an average remaining life of 3.1 years, and as of September 30, 2025, 20,981,250 options are exercisable. The exercisable options have a weighted average remaining life of 3.1 years and a weighted average exercise price of \$0.10.

On July 22, 2025, 500,000 stock options were granted to an Officer. The options are exercisable at \$0.10 for a period of five years, and vested immediately. The options were valued at \$38,104

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

which amount was expensed. The value of the options was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 2.75%, volatility of 127%, expected life of five years and no expected dividend yield.

On February 24, 2025, 9,800,000 stock options were granted to certain Directors, Officers, consultants and employees. All such options are exercisable at \$0.10, and exercisable for a period of five years. Of these options, 9,050,000 vested immediately, and 750,000 will vest on December 31, 2025. The options were valued at \$652,016 of which \$637,147, has been expensed to date in 2025. The value of the options was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 2.90%, volatility of 125% and expected life of five years and no expected dividend yield.

On February 14, 2024, 2,700,000 options were granted to consultants and employees. These options have an exercise price of \$0.10, with 500,000 of the options expiring 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 \$80,978 was expensed in 2024, and \$13,108 in 2025. 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 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, and \$79,745 in 2024. 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.

9. INCOME TAXES

As of December 31, 2024, the Company had non-capital losses, carried forward of \$28,372,458 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	2044 - \$ 2,438,745
	<u>\$28,372,458</u>

10. LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the three months ended September 30, 2025 and 2024 was based on the loss attributable to common shareholders of \$1,283,555 (2024 - \$693,989) and the weighted average number of common shares outstanding of 301,792,316 (2024 -

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

269,984,553). The calculation of basic and diluted loss per share for the nine months ended September 30, 2025 and 2024 was based on the loss attributable to common shareholders of \$4,211,416 (2024 - \$2,547,096) and the weighted average number of common shares outstanding of 288,464,533 (2024 - 265,824,099). 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, 2025, and 2024 were as follows:

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2025	2024	2025	2024
SIAscopy	\$ 5,684	\$ -	\$ 33,542	\$ 2,409
Phototherapeutic lasers	129,584	90,609	301,323	299,250
	\$ 135,268	\$ 90,609	\$ 334,865	\$ 301,659

Sales for the nine months ended September 30, 2025, were made to customers in the following geographic regions: Canada 75% and United States 25%. Sales for the year ended December 31, 2024, were made to customers in the following geographic regions: Canada 71%, United States 25%, Europe 1% and Rest of the World 3%.

Approximately 47% of the Company's revenue for the nine months ended September 30, 2025, was from three customers (Year ended December 31, 2024 - 48% from three customers).

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 short-term 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

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

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, 2025 and December 31, 2024, of \$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 has been raised in 2024 and 2025, 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.

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

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	\$ 2,809,187	\$ -	\$ 2,809,187
Short-term loans	4,403,000	-	4,403,000
Lease liability	45,552	254,492	300,044
Convertible debentures	2,650,000	1,850,000	4,500,000
Canada Emergency Business Account	-	60,000	60,000
At September 30, 2025	\$ 9,907,739	\$ 2,164,492	\$ 12,072,231
At December 31, 2024	\$ 9,023,221	\$ 1,910,000	\$ 10,933,221

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, 2025 total managed capital was (\$1,563,741) (December 31, 2024 - (\$1,509,834)).

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 2024 or 2025. 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.

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited)
Presented in Canadian dollars

(a) The carrying value amounts attributable to related parties as at September 30, 2025, and December 31, 2024 were as follows:

	September 30		December 31	
	2025		2024	
Accounts payable and accrued liabilities	\$	311,292	\$	221,266
Convertible debentures		443,283		355,819
Short-term loans		3,153,000		2,700,881
	\$	3,907,575	\$	3,277,966

See notes 7, 8 and 18 for other related party transaction disclosure relating to short-term loans, convertible debt and stock options issuances.

For the nine months ended September 30, 2025, \$364,845 (2024 - \$nil) of share-based compensation is attributable to related parties.

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 September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Salaries and benefits, contractors	414,733	244,769	1,803,481	797,988
Professional fees and public company expenses	191,211	124,456	428,750	397,230
Software platform operating expenses	97,109	79,015	215,001	220,113
Amortization	7,858	7,576	23,718	22,727
Other administrative expenses	79,643	(60,235)	283,105	263,452
	\$ 790,554	\$ 395,581	\$ 2,754,056	\$ 1,701,510

17. COST OF SALES

Cost of sales is comprised of the following for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Materials, labour and overhead	\$ 84,648	\$ 48,289	\$ 132,907	\$ 151,078
Other indirect costs	8,315	4,111	87,313	17,133
Amortization	5,073	4,128	12,118	12,385
	\$ 98,035	\$ 56,528	\$ 232,338	\$ 180,596

18. SUBSEQUENT EVENTS

The Company announced on July 25, 2025 that it was proposing to raise up to \$2.5-million by way of a non-brokered private placement of up to 33,333,334 units at \$0.075 per unit, with each unit comprises of one fully paid common share and one-half of a share purchase warrant, with each whole

MEDX HEALTH CORP.

Notes to the Interim Condensed Financial Statements

For the Three and Nine Months Ended September 30, 2025 and 2024

(Unaudited)

Presented in Canadian dollars

share purchase warrant being exercisable to purchase one further common share at the price of \$0.10, during the period of one year commencing on the date of issue. Subsequent to September 30, 2025, an initial closing was completed with the issuance of 7,033,000 units, raising cash proceeds of \$527,500. In addition, a final closing was completed with the issuance of 19,106,666 units raising cash proceeds of \$1,433,000. A total of \$1,635,500 was subscribed for by related parties in this placement, whose demand loans were thereby reduced. A total of 40,000 Agent's Warrants were issued in connection with this placement; Agent's Warrants are exercisable during a period of one year at \$0.09 to acquire a unit comprising one share and one-half of a share purchase warrant, exercisable at \$0.10 during the period of one year from the date of original issue of the Agent's Warrant.