

**MedX Health Corp.  
Management's Discussion and Analysis  
For the Years Ended December 31, 2020 and 2019**

*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 year ended December 31, 2020 compared with the year ended December 31, 2019 as contained in the Company's Consolidated 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, 2020.*

**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

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

been cleared by 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.

In June 2020, the Company's President and CEO, Scott Spearn, who had been in that role since mid-2018, retired from his role, including that as a Director. Rob von der Porten, Chairman of the Board, who previously had been the Company's President and CEO, has taken on the role of Interim Executive Chairman while the search for a new CEO is undertaken. During 2020, the Company added to its Board, with two new members, both with valuable experience with growing companies in the medical device industry. More recently, in 2021, two long-time Board members retired from the Board, and the Company thanks Gary Van Nest (the Company' Chairman for many years), and David Breukelman for their many years of service to the Company.

**MedX Health Corp.**  
**Management’s Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

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 three years, the Company has invested in 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 in the past to finance the development of its products and to provide cash flow for operations while it builds its revenue base. During 2019 and 2020, the Company raised net proceeds of \$4,271,369 from private placements of equity. In addition, to date in 2021, the Company raised \$4,000,000 (\$3,743,250, net of expenses) from a private placement of Convertible Debenture Loan Notes.

During 2020, the Company raised net proceeds of \$3,086,795 from private placements, through the sale of Units, each which consisted of a common share and share purchase warrant, summarized as follows:

<b>Date</b>	<b># of Units</b>	<b>Net Proceeds</b>	<b>Warrants Issued</b>	<b>Warrant Term</b>	<b>Warrant Price</b>
January 30	1,485,000	\$ 160,812	1,569,000	2 Years	\$ 0.20
March 4	7,459,139	814,733	7,965,139	2 Years	\$ 0.20
March 5	2,000,000	220,800	2,000,000	2 Years	\$ 0.20
April 22	8,749,673	952,861	9,091,673	2 Years	\$ 0.20
April 27	1,158,333	131,000	1,158,333	2 Years	\$ 0.20
April 29	200,000	22,080	200,000	2 Years	\$ 0.20
May 13	4,887,466	502,036	5,115,226	2 Years	\$ 0.20
July 31	2,600,000	282,473	2,600,000	2 Years	\$ 0.20
	28,539,611	\$ 3,086,795	29,699,371		

**MedX Health Corp.**  
**Management’s Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

In 2019, the Company raised net proceeds of \$1,184,574 from private placements, through the sale of Units, each which consisted of a common share and share purchase warrant, summarized as follows:

Date	# of Units	Net Proceeds	Warrants Issued	Warrant Term	Warrant Price
January 28	2,962,500	\$ 462,526	2,962,500	3 Years	\$ 0.35
April 26	1,766,250	257,709	1,845,600	2 Years	\$ 0.25
May 23	850,000	132,070	850,000	2 Years	\$ 0.25
August 29	1,286,111	142,752	1,344,111	2 Years	\$ 0.20
November 4	1,251,000	141,017	1,293,000	2 Years	\$ 0.20
November 22	416,666	48,500	416,666	2 Years	\$ 0.20
	8,532,527	\$ 1,184,574	8,711,877		

The Company has also benefited from the cash provided by demand loans advanced by related parties during periods where low cash resources were impacting operations and while the Company was raising more substantial funding.

The recent coronavirus (COVID-19) pandemic has impacted and could further impact the Company’s operations. A majority of the Company’s staff are working remotely. The Company experienced a significant revenue decrease from its laser and light products during the first half of 2020, as a large proportion of the users of these products were closed for extended periods. Activity increased subsequently; however, it is unknown as to how the short to medium-term demand will change as circumstances change in various regions. Marketing of MedX’s DermSecure™ telemedicine platform has also been significantly impacted to date by COVID-19, in all the markets in which the Company has been actively marketing the product. In addition to the difficulty in meeting with potential customers during this period, reaching out to dermatologists has been hampered, and the regulatory processes in most countries has slowed considerably. Given the uncertainty with respect to the timing and level of recovery from the pandemic on a global basis, the Company’s ability to market its products through direct contact with customers may be difficult, and there remains uncertainty around the duration and its broader impact. The Company has not been significantly impacted to date with respect to the supply of inventory, and the Company has been able to raise capital during the period. During 2020, the Company received an interest-free loan of \$60,000 under the Canada Emergency Business Account Program and received \$169,426 under the Canada Emergency Wage Subsidy and \$26,192 under the CECRA – Rent Relief Program.

**MedX Health Corp.  
Management's Discussion and Analysis  
For the Years Ended December 31, 2020 and 2019**

**Review of Operating Results**

	<b>Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenue</b>	\$ 530,066	\$ 860,248
Cost of sales	261,960	380,428
<b>Gross profit</b>	268,106	479,820
<b>Expenses</b>		
Selling, general and administrative	2,446,573	2,173,073
Product and software development	431,163	535,463
Share-based compensation	345,379	769,220
Interest expense	58,174	125,028
Loss on debt settlements	99,910	-
Foreign exchange loss	11,975	20,882
Depreciation of property, equipment and right of use asset	45,909	42,322
Amortization of intangibles	28,499	90,182
	<u>3,467,582</u>	<u>3,756,170</u>
<b>Net loss for the year</b>	<u>\$ (3,199,476)</u>	<u>\$ (3,276,350)</u>

**Years Ended December 31, 2020 and 2019**

*Revenue -*

Revenue of \$530,066 for the year ended December 31, 2020 was \$330,182, or 38.4% lower than revenue of \$860,248 for the year ended December 31, 2019, resulting from a reduction in sales of laser products.

Revenues from the Company's SIAscopy™ product line of \$201,766 for the year ended December 31, 2020 were \$54,272, or 36.8% higher than revenue of \$147,494 in 2019. The Company experienced sales of scanner units in 2020 that will enable customers to use the DermSecure™ telemedicine platform. Growth in the number of units sold, as well as the recurring revenue from the use of DermSecure™ will result in higher revenues going forward.

Revenues from MedX's therapeutic laser products of \$328,300 for the year ended December 31, 2020 were \$384,454, or 53.9% lower than \$712,754 in 2019. Revenues were significantly impacted by COVID-19 during the latter part of the first quarter and during the second quarter of 2020, as most North American rehabilitation clinics, who are key users of the products, were either closed or operating under restricted staff and patient access for most of the year. There was improvement in the level of customer orders later in the year.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

*Cost of sales -*

Cost of sales of \$261,960 for the year ended December 31, 2020 was \$118,468 or 31.1% lower than cost of sales of \$380,428 for the year ended December 31, 2019, primarily as a result of lower revenue. Cost of sales as a percent of sales was 49.4% for 2020, compared with 44.2% in 2019. Costs of sales was a higher percentage of revenues in 2020 as a result of lower prices impacting margins attributable to SIAScopy™ products in 2020, and as costs in the production area are relatively fixed during slower periods, the margins are negatively impacted.

*Gross profit -*

Gross profit for the year ended December 31, 2020 was \$268,106 a decrease of \$211,714 from gross profit of \$479,820 for the year ended December 31, 2019, with the decrease resulting primarily from the lower sales in 2020. The gross margin for the year was 50.6% of sales versus 55.8% of sales in the prior year, with the margin impacted by pricing and fixed production related costs.

*Selling, general and administrative expenses –*

Administrative expenses of \$2,446,573 for the year ended December 31, 2020 were \$273,500, or 12.6% higher than expenses of \$2,173,073 for the year ended December 31, 2019. The Company increased staff related to marketing its new DermSecure™ platform during the year, offset by the benefit of COVID-19 subsidies and other cost reductions, and also incurred higher public company related costs.

*Product and software development –*

Product and software development expenses of \$431,163 for the year ended December 31, 2020 were \$104,300 lower than the \$535,463 of expenses incurred in 2019. While expenses were lower during the first half of 2020, additional cash available from private placements allowed the spending to be increased in the second half of the year, as the Company has been adding features and broadening the platform for a variety of users.

*Share-based compensation –*

Non-cash share-based compensation expense for the year ended December 31, 2020 of \$345,379, which was \$423,841 lower than in 2019, is a result of share options that were granted during 2020. The \$769,220 of expense in 2019 related primarily to share options granted in 2019, and also from grants in 2018 that vested during 2019.

*Interest expense –*

Interest expense of \$58,174 for the year ended December 31, 2020 was \$66,854 lower than interest expense of \$125,028 for year ended December 31, 2019. The Company's convertible loan was fully accreted in 2019, and the reduction of accretion expense was the primary factor for the decrease. Interest expense will increase significantly in 2021, as the Company signed a new long-term lease for its premises in 2020, with the larger obligation resulting in higher interest, and as the Company completed a private placement of debt in early 2021.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

*Loss on debt settlements –*

The Company incurred a net non-cash loss from debt settlements of \$99,910 in 2020. A loss of \$107,410 resulted from the settlement of a debt, whereby the Company issued 3,103,878 Units (each unit consisting of one share and one warrant) to a vendor to settle \$372,071 of amounts owing to the vendor, and the value of the shares and warrants on the closing date was determined to be \$479,481, based on the closing price of the shares and the Black-Scholes valuation of the warrants. In addition, the Company settled \$65,000 owing to a vendor by issuing 500,000 shares, resulting of a gain of \$7,500.

*Foreign exchange loss –*

The Company experienced a foreign exchange loss of \$11,975 for the year ended December 31, 2020, compared with a loss of \$20,882 in 2019. The loss is related to the settlement of, and translation of net foreign denominated working capital balances during the respective years, which balances were lower in 2020.

*Depreciation of property, equipment and right of use asset –*

Depreciation of \$45,909 for the year ended December 31, 2020 was modestly higher than \$42,322 of depreciation in 2019.

*Amortization of intangibles –*

Amortization of \$28,499 for the year ended December 31, 2020 was lower than \$90,182 in the prior year, as the asset became fully amortized during 2020.

*Net loss for the year –*

The net loss of \$3,199,476 for the year ended December 31, 2020 was \$76,874 lower than the loss of \$3,276,350 for the year ended December 31, 2019. The Company experienced a decrease in gross margin resulting from lower revenues, and incurred higher administrative costs in marketing its products, offset by lower product development expenditures and lower non-cash share-based compensation.

**Liquidity and Capital Resources**

The Company had a negative working capital balance of \$2,062,790 as of December 31, 2020, compared with a working capital deficiency of \$2,950,929 as of December 31, 2019, and an accumulated deficit of \$35,811,940 and a shareholders' deficiency of \$2,070,106 as of December 31, 2020. The \$888,139 improvement in the working capital position during 2020 is attributable to the capital raised during the year and the settlement of current liabilities, offset by the operating losses during the year. Despite raising additional capital in 2020 and to date in 2021, 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.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

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 of \$4,168,608 from private placements of equity during 2019 and 2020. In addition, the Company raised net proceeds \$3,743,250 from the private placement of convertible debentures to date in 2021. The Company's consolidated 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 consolidated financial statements. These adjustments could be material.

Due to the 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 on developing and marketing its products and growing its revenues and raising additional capital. The Company has, and will continue where possible to reduce its liabilities, and its recurring cost base to conserve cash.

During the year ended December 31, 2020, the Company raised \$3,086,795 from private placements, and in 2019 raised \$1,184,574 from private placements. The details of these private placements are described in the Share Capital section below.

During periods of reduced cash flow, the Company has been able to access cash by entering into unsecured short-term demand 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. While advances made to the Company during 2019 and in early 2020 had been repaid in the first half of 2020, the Company was advanced \$184,000 during the fourth quarter of 2020, which was subsequently repaid in 2021.

As of December 31, 2020, the Company's capital resources consist of the following:

*Accounts payable and accrued liabilities –*

The Company had \$1,827,800 of accounts payable and accrued liabilities as of December 31, 2020, a decrease of \$644,777 from \$2,472,577 as of December 31, 2019. There was a significant reduction in vendor payable balances, including the settlement of \$372,071 owing to a vendor through the issue of shares and warrants. In addition, a further \$102,761 of the decrease resulted from settling amounts owing through subscriptions in a private placement. The December 31, 2020 balance consists of trade payables (\$563,713), amounts owing to management and directors for accrued or unpaid compensation and fees (\$160,272), amounts owing and accrued to governments primarily by an inactive subsidiary for unpaid payroll withholdings, sales and other taxes (\$559,040) and other accrued liabilities (\$544,775). Subsequent to the end of 2021, on completion of a private placement of convertible loans, the accounts payable balance was reduced.



**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

*Demand loans –*

As of December 31, 2020, there were \$184,000 of demand loans due to related parties, consisting of \$89,000 owing to a Director, and \$95,000 owing to a corporation controlled by a Director. All of these loans are unsecured and accrue interest at 10% per annum, payable when the loans are repaid, with fees of \$4,750 related to these advances. In addition to the loans outstanding as of December 31, 2020, advances of \$45,000 were made to the Company during 2020 (with fees of \$2,250 related to these advances), which advances were repaid, in addition to the repayment of the \$252,000 of loans outstanding from December 31, 2019.

As of December 31, 2019, there were \$252,000 of unsecured demand loans due to related parties. The loans were accruing interest at 10% per annum, payable at the time of repayment. During 2019, a total of \$422,000 of advances were made to the Company (with fees of \$21,350 paid related to these advances) and the Company repaid \$270,000 of the loans.

*Convertible Debt -*

The Convertible debt consists of a \$500,000 loan with a party that is related to a Director of the Company, which was due on December 31, 2019, and considered as due on demand, bearing interest at 8% per annum, paid monthly. The loan is convertible, in whole or part, at any time into common shares of the Company at \$0.20 per share. The debt is secured by a general security agreement covering all the Company's assets.

*Lease liability -*

The Company leases premises consisting of its office and manufacturing facilities. The Company had a lease in place that ended in August 2020, with a new lease signed, effective September 1, 2020. On adoption of IFRS 16 at the beginning of 2019, a liability of \$60,034 was established, representing the lease payments of \$64,900 remaining on the lease in 2019 and 2020, discounted using an incremental borrowing rate of 10.0%. As the lease expired during 2020, there is no liability related to this lease as of December 31, 2020 (December 31, 2019 - \$25,670).

With respect to the new lease, the lease payments totaling \$276,060 over the 60-month term of the lease represented a liability of \$214,893 at the start of the lease, based on the lease payments discounted using an incremental borrowing rate of 10.0%. The liability as of December 31, 2020 is \$204,928, of which \$32,646 is the current portion.

*Long-term debt – 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 is non-interest bearing until December 31, 2022, after which interest of 5% per annum is payable. If the loan is repaid before December 31, 2022, 25% of the amount repaid will be forgiven.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

*Share Capital -*

The Company had 175,924,624 common shares outstanding as of December 31, 2020:

	Number of shares	Stated Capital
Outstanding at December 31, 2018	135,053,901	\$ 19,453,957
Issued for cash	8,532,527	833,190
Outstanding at December 31, 2019	143,586,428	20,287,147
Issued for cash	28,539,611	2,256,638
Issued on debt settlements	3,603,878	429,965
Issued for services	194,707	27,120
Outstanding at December 31, 2020	175,924,624	\$ 23,000,870

During the year ended December 31, 2020, the Company raised net proceeds of \$3,086,795 from private placements, summarized as follows:

Date	# of Units	Unit Price	Gross Proceeds	Issue Costs	Net Proceeds	Broker Warrants	Allocation to Shares	Allocation to Warrants
January 30	1,485,000	\$ 0.12	\$ 178,200	\$ 17,388	\$ 160,812	\$ 8,759	\$ 114,259	\$ 46,553
March 4	7,459,139	\$ 0.12	895,097	80,364	814,733	43,530	598,958	215,775
March 5	2,000,000	\$ 0.12	240,000	19,200	220,800	-	171,519	49,281
April 22	8,749,673	\$ 0.12	1,049,961	97,100	952,861	35,365	690,939	261,922
April 27	1,158,333	\$ 0.12	139,000	8,000	131,000	-	97,875	33,125
April 29	200,000	\$ 0.12	24,000	1,920	22,080	-	16,496	5,584
May 13	4,887,466	\$ 0.12	586,496	84,460	502,036	27,932	350,689	151,347
July 31	2,600,000	\$ 0.12	312,000	29,527	282,473	-	215,903	66,570
	28,539,611		\$ 3,424,754	\$ 337,959	\$ 3,086,795	\$ 115,586	\$ 2,256,638	\$ 830,157

With respect to the private placements completed in 2020, in each case, the placement consisted of the sale of the number of Units indicated at the Unit Price, and each Unit consisted of one Common share and one Common share purchase warrant ("Warrant"). Each Warrant will be exercisable to acquire one Common share at any time for a period of two years from the respective closing date, at an exercise price of \$0.20.

In addition, in connection with the placements, the Company issued 84,000, 506,000, 342,000 and 227,760 Broker warrants in connection with the January 30, 2020, March 4, 2020, April 22, 2020 and May 13, 2020 placements, respectively. The Broker Warrants issued in connection with the placements are exercisable for a period of two years, to acquire a unit at \$0.12, comprising a Share and a Warrant exercisable for two years at \$0.20.

In accounting for the private placement transactions, at the time of each closing, 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 each closing date. The value of the warrants was based on a calculation using the Black-Scholes model, as of the date

**MedX Health Corp.**  
**Management’s Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

of closing. Cash related issue costs were allocated in the same manner as the proceeds, reducing the amounts recorded as share capital and warrants. With respect to the Broker warrants issued, the value of the warrants was determined in the same manner as the common share warrants, and were treated similar to cash issue costs, as a reduction of the amounts recorded as share capital and warrants. Information with respect to the calculation of the value of the warrants and Broker warrants is below in the *Warrants* section.

During 2019, the Company raised net proceeds of \$1,184,574 from private placements, summarized as follows:

Date	# of Units	Unit Price	Gross Proceeds	Issue Costs	Net Proceeds	Broker Warrants	Allocation to Shares	Allocation to Warrants
January 28	2,962,500	\$ 0.16	\$ 474,000	\$ 11,474	\$ 462,526	\$ -	\$ 308,493	\$ 154,033
April 26	1,766,250	\$ 0.16	282,600	24,891	257,709	10,099	181,040	76,669
May 23	850,000	\$ 0.16	136,000	3,930	132,070	-	95,529	36,541
August 29	1,286,111	\$ 0.12	154,333	11,581	142,752	4,297	106,044	36,708
November 4	1,251,000	\$ 0.12	150,120	9,103	141,017	3,387	104,964	36,053
November 22	416,666	\$ 0.12	50,000	1,500	48,500	-	37,120	11,380
	8,532,527		\$ 1,247,053	\$ 62,479	\$ 1,184,574	\$ 17,783	\$ 833,190	\$ 351,384

With respect to the private placements completed in 2019, in each case, the placement consisted of the sale of the number of Units indicated at the Unit Price, and each Unit consisted of one Common share and one Common share purchase warrant (“Warrant”).

The terms of the Warrants issued were as follows:

- January 28, 2019 placement - each warrant will be exercisable to acquire one Common share at any time for a period of three years, at an exercise price of \$0.35.
- April 26, 2019 placement - each warrant will be exercisable to acquire one Common share at any time for a period of two years, at an exercise price of \$0.25. The 79,350 Broker Warrants issued in connection with the placement are exercisable for a period of two years, to acquire a unit at \$0.16, comprising a Share and a Warrant exercisable until April 26, 2021, at \$0.25.
- May 23, 2019 placement - each warrant will be exercisable to acquire one Common share at any time for a period of two years, at an exercise price of \$0.25.
- August 29, 2019, November 4, 2019 and November 22, 2019 placements – each warrant will be exercisable to acquire one Common share at any time for a period of two years, at an exercise price of \$0.20. The 58,000 and 42,800 Broker Warrants issued in connection with the August 29, 2019 and November 4, 2019 placements, respectively, are exercisable for a period of two years, to acquire a unit at \$0.12, comprising a Share and a Warrant exercisable at \$0.20.

**MedX Health Corp.**  
**Management’s Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

On March 5, 2020, the Company settled \$372,071 of debt owed to a vendor by issuing to it 3,103,878 Units, each Unit consisting of one Common share and one Common share purchase warrant (“Warrant”). Each Warrant will be exercisable to acquire one Common share at any time for a period of two years, at an exercise price of \$0.20. In accounting for the settlement, the shares issued were valued based on the closing price of the shares on the closing date of \$0.12, or \$372,465 and the warrants were valued at \$107,016, estimated to be \$0.03 per warrant using the Black-Scholes pricing model (historic volatility of 79%, 0.92% risk-free interest rate and no expected dividends), resulting in a loss of \$107,410.

On December 22, 2020, the Company settled \$65,000 owing to a vendor by issuing 500,000 common shares to the vendor. In accounting for the settlement, the shares issued were valued at \$57,500, based on the closing price of the Company’s shares, resulting in a gain of \$7,500.

During 2020, the Company issued 194,707 shares (of which 90,400 were issued at \$0.15 per share and 104,307 were issued at \$0.13 per share) in connection with an agreement signed in 2020 related to marketing services being provided to the Company. Under the agreement, the Company will issue shares for services in exchange for \$60,000 of the services over a period of one year. The shares issued in 2020 represent payment of \$27,120 of services (including HST) to date.

*Warrants –*

The Company has issued subscriber warrants in connection with share offerings and has issued Broker warrants in connection with certain offerings. The value of warrants has been estimated in each case using the Black-Scholes pricing model as of the date of the transaction.

	<b>Number of Subscriber Warrants</b>	<b>Weighted- Average Exercise Price \$</b>
Outstanding at January 1, 2019	50,204,727	0.19
Warrants issued - private placements	8,532,527	0.27
Warrants expired	(18,415,653)	0.14
Outstanding at December 31, 2019	<b>40,321,601</b>	<b>0.23</b>
Warrants issued - private placements	<b>28,539,611</b>	<b>0.20</b>
Warrants issued - debt settlement	<b>3,103,878</b>	<b>0.20</b>
Warrants expired	<b>(14,724,324)</b>	<b>0.20</b>
Outstanding at December 31, 2020	<b>57,240,766</b>	<b>0.22</b>

The number of warrants and Broker warrants issued in connections with the private placements completed in 2020, as well as the assumptions used in the Black-Scholes calculations are summarized as follows:

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

Date	# of Warrants	Exercise Period (Yrs)	Exercise Price	# of Broker Warrants	Share Price	Interest Rate	Volatility	Warrant Value
January 30	1,485,000	2	\$ 0.20	84,000	\$ 0.130	1.47%	83%	\$ 0.04
March 4	7,459,139	2	\$ 0.20	506,000	\$ 0.120	0.92%	79%	\$ 0.03
March 5	2,000,000	2	\$ 0.20	-	\$ 0.120	0.92%	79%	\$ 0.03
April 22	8,749,673	2	\$ 0.20	342,000	\$ 0.130	0.33%	83%	\$ 0.04
April 27	1,158,333	2	\$ 0.20	-	\$ 0.135	0.32%	83%	\$ 0.05
April 29	200,000	2	\$ 0.20	-	\$ 0.135	0.32%	83%	\$ 0.05
May 13	4,887,466	2	\$ 0.20	227,760	\$ 0.145	0.28%	82%	\$ 0.05
July 31	2,600,000	2	\$ 0.20	-	\$ 0.130	0.27%	80%	\$ 0.04

The Broker Warrants issued in connection with the placements in 2020 are exercisable for a period of two years from the respective issue date, to acquire a unit at \$0.12, comprising a common share and a Warrant exercisable for two years at \$0.20.

During 2020, 14,724,324 subscriber warrants, with an exercise price of \$0.20, and 627,081 Broker warrants expired. The \$738,266 value originally allocated to these warrants was reclassified to Contributed surplus.

The number of warrants and Broker warrants issued in connections with the private placements completed in 2019, as well as 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
January 28	2,962,500	3	\$ 0.35	-	\$ 0.150	1.50%	108%	\$ 0.07
April 26	1,766,250	2	\$ 0.25	79,350	\$ 0.150	1.45%	93%	\$ 0.06
May 23	850,000	2	\$ 0.25	-	\$ 0.150	1.45%	94%	\$ 0.06
August 29	1,286,111	2	\$ 0.20	58,000	\$ 0.100	1.58%	90%	\$ 0.03
November 4	1,251,000	2	\$ 0.20	42,800	\$ 0.105	1.59%	89%	\$ 0.03
November 22	416,666	2	\$ 0.20	-	\$ 0.105	1.60%	88%	\$ 0.03

The 79,350 Broker Warrants issued in connection with the April 26, 2019 placement are exercisable for a period of two years, to acquire a unit at \$0.16, comprising a Share and a Warrant exercisable at \$0.25. The 58,000 and 42,800 Broker Warrants issued in connection with the August 29, 2019 and November 4, 2019 placements, respectively, are exercisable for a period of two years, to acquire a unit at \$0.12, comprising a common share and a Warrant exercisable at \$0.20.

During 2019, 18,415,653 warrants, with an exercise price of \$0.14 relating to private placements in 2016 expired. The \$499,280 value originally allocated to the warrants (net of amounts previously reclassified) was reclassified to Contributed surplus.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

Warrants outstanding, (including 1,683,170 Broker warrants with a weighted average exercise price of \$0.12), and their expiry dates as of December 31, 2020 are as follows:

<b>Date Issued</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b># of Warrants</b>	<b>\$</b>
January 23, 2018	January 23, 2021	\$0.20	<b>14,164,260</b>	<b>709,182</b>
October 11, 2018	October 11, 2021	\$0.35	<b>2,106,250</b>	<b>121,016</b>
November 22, 2018	November 22, 2021	\$0.35	<b>1,137,500</b>	<b>61,301</b>
January 28, 2019	January 28, 2022	\$0.35	<b>2,962,500</b>	<b>154,033</b>
April 26, 2019	April 26, 2021	\$0.25	<b>1,845,600</b>	<b>76,669</b>
May 23, 2019	May 23, 2021	\$0.25	<b>850,000</b>	<b>36,541</b>
August 29, 2019	August 29, 2021	\$0.20	<b>1,344,111</b>	<b>36,708</b>
November 4, 2019	November 4, 2021	\$0.20	<b>1,293,800</b>	<b>36,053</b>
November 22, 2019	November 22, 2021	\$0.20	<b>416,666</b>	<b>11,380</b>
January 30, 2020	January 30, 2022	\$0.20	<b>1,569,000</b>	<b>46,553</b>
March 4, 2020	March 4, 2022	\$0.20	<b>7,965,139</b>	<b>215,775</b>
March 5, 2020	March 5, 2022	\$0.20	<b>2,000,000</b>	<b>49,281</b>
March 5, 2020	March 5, 2022	\$0.20	<b>3,103,878</b>	<b>107,016</b>
April 22, 2020	April 22, 2022	\$0.20	<b>9,091,673</b>	<b>261,922</b>
April 27, 2020	April 27, 2022	\$0.20	<b>1,158,333</b>	<b>33,125</b>
April 29, 2020	April 29, 2022	\$0.20	<b>200,000</b>	<b>5,584</b>
May 13, 2020	May 13, 2022	\$0.20	<b>5,115,226</b>	<b>151,347</b>
July 31, 2020	July 31, 2022	\$0.20	<b>2,600,000</b>	<b>66,570</b>
			<b>58,923,936</b>	<b>2,180,056</b>

*Stock options –*

On November 5, 2018, 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 21,200,000 to 26,000,000.

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 December 31, 2020, there were 23,465,000 options that have been granted and are outstanding, with 2,535,000 options available to be granted under the plan. Options generally expire after five years, with vesting provisions stated in the plan.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

Activity in the Company's stock option plan for the years ended December 31, 2020 and 2019 is summarized as follows:

	Number of Options	Weighted- Average Exercise Price \$
Outstanding, January 1, 2019	18,100,000	0.17
Granted	6,990,000	0.17
Expired/forfeited	(7,325,000)	0.10
Outstanding, December 31, 2019	<b>17,765,000</b>	<b>0.20</b>
Granted	6,200,000	0.17
Expired/forfeited	(500,000)	0.25
Outstanding, December 31, 2020	<b>23,465,000</b>	<b>0.19</b>

The outstanding options have exercise prices in the range of \$0.10 and \$0.25, an average remaining life of 2.6 years, and as of December 31, 2020, 22,565,000 options are exercisable. The exercisable options have a weighted average remaining life of 2.5 years and a weighted average exercise price of \$0.19.

On December 2, 2020, the Company granted 900,000 options to a firm in connection with a strategic marketing agreement. The options vest and will become exercisable quarterly, with 225,000 of the options vesting on each of the dates that are three, six, nine and twelve months from the grant date. The options have an exercise price of \$0.17 per share and are exercisable for two years. The options were valued at \$41,287, which amount will be expensed as the options vest. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 0.53%, volatility of 80% (based on historical stock price volatility), expected life of two years, and no expected dividend yield.

On November 25, 2020, the Company granted 800,000 options to Directors, which options are vested, have an exercise price of \$0.17, and are exercisable for five years. The options were valued at \$62,937, which has been expensed in 2020. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 0.95%, volatility of 93% (based on historical stock price volatility), expected life of five years, and no expected dividend yield.

On August 31, 2020, the Company granted 3,500,000 share options to consultants, which vested on the grant date. The options have an exercise price of \$0.17 per share, expiring three years from the date of issue. The options were valued at \$195,496, which has been expensed in 2020. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 0.6%, volatility of 86% (based on historical stock price volatility), expected life of three years, and no expected dividend yield.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

On each of April 15 and April 20, 2020, the Company granted 500,000 share options to consultants, which vested on the grant date. The options have an exercise price of \$0.18 and \$0.17 per share, expiring three and five years from the date of issue, respectively. The options were valued at \$86,946, which has been expensed in 2020. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 1.05% and 1.50%, volatility of 89% and 115% (based on historical stock price volatility), expected life of three and five years, respectively, and no expected dividend yield.

On December 31, 2019, the Company granted 5,990,000 share options to members of the Board of Directors, management, employees and consultants. The options have an exercise price of \$0.17 per share, expire five years from the date of issue, and were vested as of the grant date. The options were valued at \$594,862, which was expensed in 2019. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 1.68%, volatility of 111% based on historical stock price volatility, expected life of five years, and no expected dividend yield.

On September 30, 2019, the Company granted 1,000,000 share options to a member of management and the Board of Directors. The options, which were vested as of December 31, 2019, have an exercise price of \$0.16 per share and expire four years from the date of issue. The options were valued at \$69,677, which was expensed in 2019. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 1.90%, volatility of 107% based on historical stock price volatility, expected life of four years, and no expected dividend yield.

During 2019, the remaining \$104,681 of the \$1,398,071 value attributed to 7,375,000 share options granted in 2018 under the Company's Stock Option Plan was expensed. The options have an exercise price of \$0.25 per share, expire five years from the date of issue, and are fully vested.

*Off-Balance Sheet Arrangements –*

The Company has no off-balance sheet arrangements.



**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

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

As at the date of this Report the following total number of shares, warrants and broker warrants, stock options and shares that could be issued on conversion of loans were outstanding:

	<b>December 31 2020</b>	<b>April 28 2021</b>
Common shares	175,924,624	175,961,524
Warrants	58,923,936	42,914,076
Stock Options	23,465,000	25,315,000
Shares from conversion of Convertible loan	2,500,000	2,500,000
Shares from conversion of Convertible notes		28,571,429
Warrants from conversion of Convertible notes		14,285,714
<b>Total</b>	<b>260,813,560</b>	<b>289,547,743</b>

**Review of Operations - Three Months Ended December 31, 2020 and 2019**

	<b>Three Months Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenue</b>	\$ 192,181	\$ 181,362
Cost of sales	79,869	86,533
<b>Gross profit</b>	112,312	94,829
<b>Expenses</b>		
Selling, general and administrative	786,814	560,057
Product and software development	10,006	59,299
Share-based compensation	(50,044)	594,862
Interest expense	19,365	36,230
Loss (gain) on debt settlements	(7,500)	-
Foreign exchange loss	4,758	1,663
Depreciation of property, equipment and right of use asset	16,218	9,630
Amortization of intangibles	-	22,546
	779,617	1,284,287
<b>Net loss for the period</b>	<b>\$ (667,305)</b>	<b>\$ (1,189,458)</b>

*Revenue -*

Revenue of \$192,181 for the three months ended December 31, 2020 was \$10,819, or 6.0% higher than revenue of \$181,362 for the three months ended December 31, 2019, resulting from an increase in revenue from its SIAscopy™ products.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

Revenues from the Company's SIAscopy™ product line for the fourth quarter of 2020 were \$74,673, an increase of \$31,996, or 75.0% from revenues of \$42,677, for the prior year three-month period.

Revenues from MedX's therapeutic laser products of \$117,508 for the three months ended December 31, 2020 were \$21,177, or 15.3% lower than \$138,685 in the fourth quarter of 2019. Revenues for the final quarter of 2020 were the higher than any other quarter during the year, as the demand for products was up as more customers are back in operation. Many end users of the products continue to be impacted by COVID-19, as the base of rehabilitation clinics are operating at lower capacity, and the losses they experienced in 2020 has reduced their capital spending. However, order flow continues to show improvement.

*Cost of sales -*

Cost of sales of \$79,869 for the three months ended December 31, 2020 was \$6,664 or 7.7% lower than cost of sales of \$86,533 for the three months ended December 31, 2019. Cost of sales as a percent of sales was 41.6% for the three-month period compared with 47.7% for the three-months ended December 31, 2019. Costs of sales was lower than normal in the fourth quarter as a result of year end adjustments and re-allocations.

*Gross profit -*

Gross profit for the three months ended December 31, 2020 was \$112,312, an increase of \$17,483 from gross profit of \$94,829 for the three months ended December 31, 2019. The increase resulted primarily due to accounting adjustments made in the fourth quarter. The gross margin for the three months ended December 31, 2020 was 58.4% of sales versus 52.3% of sales in the prior year.

*Selling, general and administrative expenses –*

Administrative expenses of \$786,814 for the three months ended December 31, 2020 were \$226,757, or 40.5% higher than expenses of \$560,057 for the three months ended December 31, 2019. Costs increased as the sales and business development team has been expanded, and in addition, public company related costs were higher for the quarter. Increases were offset in part by the receipt of COVID-19 related wage and rent subsidies.

*Product and software development –*

Product and software development expenses of \$10,006 for the fourth quarter of 2020 represent expenditures with respect to on-going development of the Company's SIAscopy™ on DermSecure™ telemedicine platform, which were very low in the fourth quarter due to cash constraints. Expenditures of \$59,299 were incurred in the prior year quarter. Expenses will increase in 2021, as the development plan moves forward with additional funding in place.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

*Share-based compensation –*

Share-based compensation expense for the three months ended December 31, 2020 was (\$50,044) is a result of share options that were granted during the period, offset by a re-allocation of amounts from a prior quarter. The much larger amount in the same period in 2019 of \$594,862 resulted from share option grants in that period.

*Interest expense –*

Interest expense of \$19,365 for the three months ended December 31, 2020 was \$16,865 lower than interest expense of \$36,230 for three months ended December 31, 2019. The Company's convertible loan was fully accreted in 2019, and the reduction of accretion expense in the 2020 three-month period as well as lower debt levels resulted in the decrease.

*Gain on debt settlement –*

The Company settled an amount of \$65,000 owing to a vendor by issuing 500,000 common shares, which resulted in a gain of \$7,500.

*Foreign exchange loss –*

The Company experienced a foreign exchange loss of \$4,758 for the three months ended December 31, 2020, compared with a loss of \$1,663 for the 2019 three-month period. The loss is related to the settlement of and translation of net foreign denominated working capital balances during the respective quarters.

*Depreciation of property, equipment and right of use asset –*

Depreciation of \$16,218 for the three months ended December 31, 2020 is an increase of \$6,588 from the depreciation for the prior year three-month period. The increase is the result of a new premises lease signed at the beginning of the quarter, and the depreciation of the right of use asset.

*Amortization of intangibles –*

There was no amortization for the three months ended December 31, 2020, as the asset has been fully amortized. The intangibles represent the amortized cost of the SIAscopy™ technology.

*Net loss for the period –*

The net loss of \$667,305, for the three months ended December 31, 2020 was \$522,153 lower than the loss of \$1,189,458 for the three months ended December 31, 2019. A large portion of the decrease is related to the reduction in share-based compensation for the quarter, while higher administrative costs were offset in part by lower product development costs and a higher gross margin.

**Capital Resources –**

The Company has spent approximately \$2,030,000 during the last four years to develop its SIAscopy™ on DermSecure™ telemedicine platform. Spending in this regard was

**MedX Health Corp.**  
**Management’s Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

significant in 2018 and the first half of 2019, and then was reduced during certain periods depending on the cash resources available for the project. Expenditures in 2021 will be moderately higher than in 2020. The Company will also continue to update the technology for its SIAscopy™ units and software, which could be undertaken as cash is available.

The Company defines its managed capital as the total of demand loans, lease liabilities, convertible debt, long-term debt and shareholders’ deficiency including share capital, warrants, the equity portion of convertible debt, contributed surplus and deficit. As at December 31, 2020, total managed capital was (\$1,121,178) (December 31, 2019 - (\$2,089,235)).

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 2019 or 2020. The Company is not subject to externally imposed capital restrictions.

**Summary of Quarterly Results**

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

Quarter Ended	December 31 2020	September 30 2020	June 30 2020	March 31 2020	December 31 2019	September 30 2019	June 30 2019	March 31 2019
Revenues	\$192	\$173	\$69	\$96	\$181	\$235	\$259	\$185
Comprehensive Income/(Loss)	(\$667)	(\$1,084)	(\$708)	(\$740)	(\$1,189)	(\$578)	(\$721)	(\$788)
Income (loss) per share	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.01)

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.

**Contractual Obligations**

The Company leases space for its office and manufacturing facility. The Company signed a new lease for the facility during 2020, entering into a five-year lease, with minimum lease obligations of \$51,692 in 2021, \$53,747 in 2022, \$55,872 in 2023, \$58,069 in 2024 and \$39,676 in 2025.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

**Significant Accounting Judgments and Estimates**

The preparation of the Company's consolidated 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 consolidated 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.

**Judgements:**

Going concern – The preparation of the consolidated financial statements requires management to make judgements regarding its ability to continue as a going concern as discussed in Note 1 of the Company's consolidated 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 of the Company's consolidated financial statements.

**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 of the Company's consolidated financial statements.

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.

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, the valuation of convertible loans, the equity component of convertible loans, the loss on debt settlements, shares for services, the valuation of intangibles and deferred income taxes, which are discussed in Note 2 and in their respective notes in the consolidated financial statements.

**MedX Health Corp.  
Management's Discussion and Analysis  
For the Years Ended December 31, 2020 and 2019**

**Recent Accounting Pronouncements**

At the date of authorization of the Company's consolidated financial statements, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") had not issued any new or revised Standards and Interpretations that will become effective in future years.

**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 Company has classified its consolidated financial instruments in its consolidated financial statements in accordance with IFRS into various categories as described in its accounting policies. A disclosure of exposures to risk with respect to financial instruments and the potential impact is described below.

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 was 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 credit risk, interest rate risk, foreign currency risk and liquidity risk, each of which is discussed below.

*Credit Risk -*

Credit risk is the risk of 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.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

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 180 days, there is currently no provision. With respect to sales of the Company's SIAscopy™ products, where new markets are being developed, the Company reviews individual balances, and as a result recorded a provision as of December 31, 2020 of \$26,915 (December 31, 2019 - \$36,504).

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, given the low cash balances. 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 year 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 approximately \$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 has been raised in 2020 and to date in 2021, and the Company must raise additional cash to fund its ongoing operating requirements. A portion of the cash raised was in the form of

**MedX Health Corp.**  
**Management’s Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

debt, due on a demand basis. The Company is in a position where its liabilities are greater than its assets.

	12 months	1 to 2 years	2 to 5 years	Total
Accounts payable and accrued liabilities	\$ 1,827,800	\$ -	\$ -	\$ 1,827,800
Demand loans	184,000	-	-	184,000
Long-term debt	-	60,000	-	60,000
Lease liability	32,646	82,657	89,625	204,928
Convertible debt	500,000	-	-	500,000
<b>At December 31, 2020</b>	<b>\$ 2,544,446</b>	<b>\$ 142,657</b>	<b>\$ 89,625</b>	<b>\$ 2,776,728</b>
At December 31, 2019	\$ 3,250,247	\$ -	\$ -	\$ 3,250,247

Refer to Note 8 of the consolidated financial statements for additional discussions regarding the contractual maturities of financial liabilities.

**Related Party Transactions**

For the year ended December 31, 2020, the Company incurred costs for management and Board compensation of \$442,936 (2019 - \$541,000). For the year ended December 31, 2020, \$62,937 (2019 – \$522,901) of the expense recorded for share-based compensation related to officers and directors.

During 2020, \$39,000 owing to management was repaid through subscriptions in a private placement.

See notes 8 and 9 of the Company’s consolidated financial statements for related party transaction disclosure relating to demand loans, convertible debt and stock option issuances.

Included in accounts payable and accrued liabilities in the consolidated financial statements as of December 31, 2020 is \$160,272 (December 31, 2019 - \$209,037) relating to officers and directors of the Company.

**Subsequent Events**

On January 23, 2021, 14,090,460 warrants, with an exercise price of \$0.20, expired, and on April 26, 2021, 1,845,600 warrants, with an exercise price of \$0.25, expired.

Subsequent to December 31, 2020, 36,900 broker warrants were exercised, resulting in proceeds of \$4,428.

Subsequent to December 31, 2020, the Company completed a private placement of Convertible Debenture Loan Notes, with gross proceeds of \$4,000,000 (\$3,743,250, net of expenses). The Convertible Notes are unsecured and bear interest at 6% per annum, payable in cash on a quarterly basis, and are due on December 31, 2023 (“Maturity Date”). The Convertible Notes may be converted, at the option of the holder, into units



**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

at \$0.14 per unit ("Unit") at any time until the Maturity Date. Each Unit will be comprised of one (1) fully paid Common share and one-half (1/2) of a Share Purchase Warrant. Each whole Share Purchase Warrant will be exercisable to purchase one (1) further Common share at the price of \$0.20, exercisable for a period expiring on the Maturity Date. In connection with the placement, \$210,000 of cash commissions were paid to Agents, and 985,719 Agent's Warrants have been issued, with each non-transferable Agent's Warrant exercisable to acquire one Unit at \$0.14 per Unit, at any time up to the Maturity Date.

Subsequent to December 31, 2020, the Company repaid the \$184,000 of demand loans owing to Directors as of December 31, 2020.

Subsequent to December 31, 2020, 1,850,000 share options were granted to consultants. The options have an exercise price of \$0.25 and expire on December 31, 2025, with 25% of the options vesting when granted, and 25% vesting on each of December 31, 2021, June 30, 2022, and December 31, 2022.

**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.

**Operating Losses -**

The Company has experienced operating losses since incorporation in 1999. As at December 31, 2020, MedX has a deficit in excess of \$35,000,000. The Company may continue to incur additional losses and negative cash flows from operations and may

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2020 and 2019**

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 accounts receivable and accounts payable denominated in non-Canadian currencies. If the non-Canadian dollar currencies fluctuate against the Canadian dollar, reported revenues, margins and results of operations will be impacted.

**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. Declaration of dividends on the Company's common shares will depend on, among other things, future earnings, cash requirements and general business conditions.

**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.

**COVID-19 -**

The recent coronavirus (COVID-19) pandemic has impacted and could further impact the Company's operations and the operations of its third-party suppliers, customers,

**MedX Health Corp.  
Management's Discussion and Analysis  
For the Years Ended December 31, 2020 and 2019**

lenders and potential investors as a result of quarantines, facility closures, travel and logistics restrictions, a global economic slowdown and other limitations in connection with the outbreak.

**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.sedar.com](http://www.sedar.com), and may also be obtained by request to the Company.

**Dated: April 28, 2021**