

Court File No. 31-2631254
Estate No. 31-2631254

ONTARIO
SUPERIOR COURT OF JUSTICE
(BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF
NEXIA HEALTH TECHNOLOGIES INC.**

A. FARBER & PARTNERS INC.
FIRST REPORT OF THE PROPOSAL TRUSTEE

APRIL 9, 2020

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LIST OF EXHIBITS

- “A” NOI Certificate of Appointment dated March 18, 2020
- “B” PPSA Search Results as at April 8, 2020
- “C” Consolidated Financial Statements for the 3-months ending December 31, 2019
- “D” March 18, 2020 Creditor List per the NOI filing
- “E” Nexia Health Technologies Inc. Acquisition Opportunity Teaser
- “F” Cash Flow Projections for the weeks ending March 27, 2020 to June 26, 2020

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
(COMMERCIAL LIST)

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C.
1985, c. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF**

NEXIA HEALTH TECHNOLOGIES INC.

OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

FIRST REPORT OF THE PROPOSAL TRUSTEE

APRIL 9, 2020

INTRODUCTION

1. On March 18, 2020, Nexia Health Technologies Inc. (the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”)s) under Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, as amended (the “**BIA**”). A. Farber & Partners Inc. (“**Farber**”) was appointed as proposal trustee (the “**Proposal Trustee**”) in the NOI proceedings. A copy of the NOI Certificate of Appointment dated March 18, 2020 from the Superintendent of Bankruptcy is attached as Exhibit “A”.
2. Established in 2002, the Company had been an industry leader in cloud-based clinician and community-based Electronic Health Records (EHR) in North America who began trading on the TSX Venture Exchange (“**TSXV**”) in 2005. The Company had been engaged in the development, sale and support of application software and related services to customers in the healthcare industry in Canada and the United States.

3. After the sale of its Canadian Operations in 2016, the Company ceased to carry on an active business and hence became listed on the NEX board of the TSXV (NGH.H).
4. Since August 2016, Nexia has been involved in a legal dispute with a former software vendor to the Company (“Miratech, Inc). The legal dispute has already gone through arbitration proceedings and court proceedings in the State of New York, while court proceedings are currently pending in Ontario. The Company has not been able to market its residual assets (primarily, its public listing and approximately \$45,000,000 of tax loss carryforwards amongst the Company and its two inactive subsidiaries), as it has not been able to reach an agreement with Miratech. The legal dispute has significantly depleted the Company’s cash.
5. The primary purpose of the NOI proceeding is to allow the Company, with the assistance of the Proposal Trustee to run a sales process (the “**Sales “Process”**) to seek an investor that would benefit from the public listing and/or tax losses which would also include an opportunity for the Company to file a viable proposal to the unsecured creditors, including Miratech.

PURPOSE OF THIS REPORT

6. The purpose of this first report of the Proposal Trustee (the “**First Report**”) is to support the Company’ motion, returnable April 17, 2020, seeking an Order including granting the Company a 45-day extension of time to make a proposal up to and including Monday, June 1, 2020; and
7. The Proposal Trustee will also report on the Company’ cash flow projections for the weeks ending March 27, 2020 to June 26, 2020 (the “**Cash Flow**”).

DISCLAIMER

8. Farber has relied upon the available financial records and information provided by the Company, as well as other information supplied by management, and advisors, and Farber has not independently reviewed or verified such information. Farber assumes no

responsibility or liability for any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this First Report. Any use which any person or entity, other than the Court, makes of this First Report, or any reliance on or a decision made based upon this First Report is at such person's or entity's own risk.

BACKGROUND AND FINANCIAL DIFFICULTIES

Financial Difficulties

9. After the sale of its Canadian Operations in 2016, the Company ceased to carry on an active business and hence became listed on the NEX board of the TSXV (NGH.H). At that time, the sole remaining asset was cash on hand in the Company's account. Since 2016, the Company has primarily utilized the funds on hand to maintain its public listing with the NEX and to fund the litigation with Miratech.
10. Since August 2016, the Company has been involved in a legal dispute with Miratech. The legal dispute has already gone through arbitration proceedings and court proceedings in the State of New York, while Court proceedings are currently pending in Ontario. Nexia has not been able to market its residual assets (primarily, its public listing and some tax losses), as it has not been able to reach an agreement with Miratech. The Company has also been in discussions with Miratech to try to settle the matter out of Court but, to date, no settlement has been finalized.
11. As a result of the protracted litigation and potential settlement discussions with Miratech, the Company only had approximately \$57,000 remaining at the date of the NOI filing which funds are to be used to fund the Company through the NOI process.

Funding to Date

12. The Company does not have an active business and has been funded from the proceeds received from the sale of the business back in 2016.

13. There are no secured creditors and no security registrations under the Personal Property Security Act (the “PPSA”). A copy of the April 8, 2020 PPSA report is attached as **Exhibit “B”**.
14. The Company is facing difficulties as there was just approximately \$57,000 remaining in the bank and the claim and Ontario litigation with Miratech inhibited the Company’s ability to restructure the shareholdings and or raise new capital.

ASSETS AND CREDITORS

15. The Company’s consolidated financial statements for the 3-months ended December 31, 2019 are attached as **Exhibit “C”**.
16. The \$240,224 book value of the assets is comprised of cash on hand, an HST refund receivable and prepaid legal retainers.
17. The accounts payable are \$2,703,898 of which \$2,388,640 (85%) relates to Miratech.
18. The March 18, 2020 creditor list accompanying the NOI attached as **Exhibit “D”** indicate that there are no amounts owing to CRA for payroll. And as noted above, the Company expects an HST refund.
19. The PPSA report show there are no secured creditors.
20. The Company advises that most of the non-Miratech accounts payable of \$415,258 are legacy amounts owing from prior to the September 2016 sale of the business; accordingly, Miratech is the key unsecured stakeholder in these NOI proceedings.

SALE PROCESS

21. The Company and the Proposal Trustee worked together to prepare a teaser package to send to potentially interested parties. The teaser was finalized March 31, 2020 and is attached as **Exhibit “E”**. To date, the Proposal Trustee has sent the teaser to approximately 41 parties including Miratech, primarily in Canada and the US, identified

by the Company and the Proposal Trustee that may be interested in this opportunity. Most of the parties identified are accounting and legal firms with tax practices with client bases that may be interested in this opportunity.

22. The opportunity is likely a combination of (i) restructuring of the shares which would have to be done by the Company and (ii) a concurrent proposal being submitted to the unsecured creditors. As such, the structure will likely require more planning and executing than a 'normal' sale of a business or its assets and is not likely to be able to be done in the first 30-day stay period provided under the BIA.

23. Covid-19 has had a significant impact on the public markets and is also making it difficult to contact people on an expedited basis. Notwithstanding these challenges, the Proposal Trustee has had a positive preliminary response from a number of the parties.

24. An extension in time to file a proposal will allow the Proposal Trustee to continue with the Sales Process to provide time for a potential transaction and allow for a proposal to the unsecured creditors.

CASH-FLOW PROJECTION

25. The cash flow and reports were completed and e-filed with the OSB on March 25, 2020 and are attached as **Exhibit "F"** (the "**Cash Flow**"). The Cash Flow shows that the Company is inactive and forecasts sufficient funds on hand to fund the Company during these NOI proceedings.

26. As at April 9, 2020, the Company reports cash on hand of \$49,654 compared to the \$45,500 forecast for the week ending April 10, 2020.

27. The Proposal Trustee has reviewed the underlying assumptions on which the Cash Flow projection is based and believes them to be reasonable and they provide that the Company expects to have funding for the period of the NOI and the Sales Process.

EXTENSION OF THE TIME TO MAKE A PROPOSAL

28. The initial 30-day stay period granted upon the filing of the NOI expires on Friday April 17, 2020. The Company seeking an extension of the deadline to file a proposal by 45 days to Monday, June 1, 2020.
29. The Company Cash-Flow includes weekly cash-flow projections for the weeks ending to June 26, 2020 which is longer than the initial 30-day stay period and the requested 45-day extension.
30. In the event an extension is not granted, the Company will not be able to complete the restructuring contemplated herein nor likely formulate a proposal by April 17, 2020. In such event, the Company shall be deemed bankrupt to the detriment of the creditors and stakeholders.
31. Pursuant to s. 50.4 (9) of the BIA the Proposal Trustee is of the opinion that:
- (i) The Company is acting in good faith and with due diligence.
 - (ii) The Cash Flow indicates that the Company will continue to have sufficient funds on hand while a restructuring plan is prepared. The Company has no active business so is not incurring significant new obligations or exposure to unsecured creditors. Further, the Proposal Trustee has spoken to Miratech as the key unsecured stakeholder. Accordingly, no creditor would be materially prejudiced if the extension being applied for is granted; and,
 - (iii) granting an extension will allow the Sales Process to continue which, if successful, would be for the ultimate benefit of creditors and stakeholders.

RECOMMENDATIONS

32. The Proposal Trustee recommends that this Honourable Court grant the relief sought by the Company in its Notice of Motion, dated April 9, 2020.

All of which is respectfully submitted this 9th day of April, 2020.

**A. FARBER & PARTNERS INC.,
solely in its capacity as the Proposal Trustee of
Nexia Health Technologies Inc. and not in its
personal or corporate capacity**

Per:



Name: John Hendriks
Title: Managing Director

EXHIBIT "A"



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2631254
Estate No. 31-2631254

In the Matter of the Notice of Intention to make a
proposal of:

Nexia Health Technologies Inc.
Insolvent Person

A. FARBER & PARTNERS INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: March 18, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: March 20, 2020, 09:39

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

EXHIBIT “B”

ServiceOntario

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Business Debtor Enquiry

File Currency: **08APR 2020**

Search Criteria: NEXIA HEALTH TECHNOLOGIES INC.

No Match.

No registered financing statement or registered claim for lien was found for this enquiry.

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EXHIBIT “C”



NEXIA HEALTH TECHNOLOGIES INC.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended December 31, 2019

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NEXIA HEALTH TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

	Three Months Ended		Nine Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	\$	\$	\$	\$
General and administrative expenses	149,743	166,117	756,596	551,789
Foreign currency loss	216	2,583	1,597	3,253
Loss from continuing operations and comprehensive loss	(149,959)	(168,700)	(758,193)	(555,042)
Loss on sale of business assets (Note 9)	-	18,751	-	(117,527)
Loss from discontinued operations	-	18,751	-	(117,527)
Loss and comprehensive loss	(149,959)	(149,949)	(758,193)	(672,569)
Basic and diluted loss from operations per share				
Basic and diluted loss from continuing operations per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Basic and diluted loss from discontinued operations per share	\$ -	\$ 0.00	\$ -	\$ (0.00)
Weighted number of common shares - basic and diluted	94,758,915	94,758,915	94,758,915	94,758,915

NEXIA HEALTH TECHNOLOGIES INC.
CONDENSED CONSOLIDATED BALANCE SHEET

	Note	December 31, 2019	March 31, 2019
		\$	\$
ASSETS			
Current assets			
Cash		188,909	740,173
Other receivables	7	10,336	2,367
Prepaid expenses	8	40,999	94,823
Total assets		240,244	837,363
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	14	2,703,898	2,542,824
Total liabilities		2,703,898	2,542,824
SHAREHOLDERS' DEFICIENCY			
Capital stock		34,177,890	34,177,890
Contributed surplus		7,026,231	7,026,231
Deficit		(43,667,775)	(42,909,582)
		(2,463,654)	(1,705,461)
Total liabilities and shareholders' deficiency		240,244	837,363

Going Concern Assumption – see Note 1

Approved on behalf of the Board of Directors:

"Sam Chebib", Chairman of the Board

"Azmin Daya", CEO and Director

NEXIA HEALTH TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

	Capital stock	Contributed surplus	Deficit	Total
	\$	\$	\$	\$
Balance at March 31, 2018	34,177,890	7,026,231	(41,339,587)	(135,466)
Loss and comprehensive loss	-	-	(672,569)	(672,569)
Balance at December 31, 2018	34,177,890	7,026,231	(42,012,156)	(808,035)
Balance at March 31, 2019	34,177,890	7,026,231	(42,909,582)	(1,705,461)
Loss and comprehensive loss	-	-	(758,193)	(758,193)
Balance at December 31, 2019	34,177,890	7,026,231	(43,667,775)	(2,463,654)

NIGHTINGALE INFORMATIX CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended		Nine Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	\$	\$	\$	\$
Cash flow from operating activities				
Loss from operations	(149,959)	(149,949)	(758,193)	(672,569)
Loss from discontinued operations	-	18,751	-	(117,527)
Net loss from continuing operations	(149,959)	(168,700)	(758,193)	(555,042)
Changes in non-cash working capital balances (Note 13)	(4,023)	209,930	206,929	90,763
Cash flows provided by (used in) continuing operations	(153,982)	41,230	(551,264)	(464,279)
Cash flows used in discontinued operations	-	-	-	-
	(153,982)	41,230	(551,264)	(464,279)
Cash flow from investing activities				
Cash flows provided by investing activities from continuing operations	-	-	-	-
Cash flows provided by investing activities from discontinued operations	-	-	-	-
	-	-	-	-
Cash flow from financing activities				
Cash flows used in financing activities from continuing operations	-	-	-	-
Cash flows used in financing activities from discontinued operations	-	-	-	-
	-	-	-	-
Effect of foreign currency on cash	-	-	-	-
Net increase (decrease) in cash	(153,982)	41,230	(551,264)	(464,279)
Cash				
Beginning of period	342,891	778,103	740,173	1,283,612
End of period	188,909	819,333	188,909	819,333
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-

NEXIA HEALTH TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019
(in Canadian Dollars unless expressly stated otherwise)

1. GOING CONCERN

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on a going concern basis. This assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's financial statements at December 31, 2019 indicate an accumulated deficit, and a comprehensive loss of \$149,959 was incurred during the third quarter. The Company has sold substantially all of its operating assets in the prior fiscal years and it does not have any significant continuing sources of revenues. The uncertainty regarding the future sources of revenue or cash inflow indicate the existence of material uncertainties that cast 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 its ability to generate positive cash flow in the future and settle its existing liabilities. Because of the uncertainty regarding the outcome of the Company efforts to reach a commercial settlement with the Claimant (Notes 14 and 15), the Company may be required to use all of its cash reserves to settle this liability. Current market conditions to raise capital given the Company's historical cash consumption and minimal operations have made the likelihood of continued funding at favourable valuations very uncertain. Unless the Company is successful in reaching a commercial settlement with the Claimant, the Company will be insolvent and unable to carry on future operations, as its available liquid assets would be insufficient to satisfy the damages award.

If the Company is unable to realize its assets and settle its liabilities as a going concern in the normal course of business, further adjustments to the consolidated financial statements may be required which could be material.

2. BUSINESS DESCRIPTION

Nexia Health Technologies Inc. ("Nexia") and its wholly owned subsidiaries (the "Company") does not have any significant operations as the Company sold substantially all of its operating assets in the two prior fiscal years ended March 31, 2016 and March 31, 2017. Previously, Nexia was engaged in the development, sale and support of application software and related services to customers in the healthcare industry in Canada and the United States, which generated revenues of more than \$10 million during fiscal 2016.

Nexia is incorporated under the Ontario Business Corporations Act in Canada, is domiciled in Canada, and its principal place of business is located at 15 Allstate Parkway, 6th Floor, Markham, Ontario, Canada.

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting. Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2019. These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on February 25, 2020.

These consolidated financial statements have been prepared on the historical cost basis.

The financial statements are prepared on a consolidated basis and include Nexia and its wholly owned subsidiaries, Nightingale VantageMed Corporation and Nightingale HealthNet Canada Corporation. All intercompany balances and transactions have been eliminated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared using the same accounting policies as the Company's annual consolidated financial statements as at and for the year ended March 31, 2019. Accordingly, these interim condensed consolidated financial statements should be read in connection with the audited consolidated financial statements for the year ended March 31, 2019.

NEXIA HEALTH TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019
(in Canadian Dollars unless expressly stated otherwise)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material change to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. If the Company is virtually certain that some or all of a provision will be reimbursed, such reimbursement is recognized as a separate asset. Provisions may be discounted using a current pre-tax rate that reflects the risks specific to the liability.

Contingent liabilities are not recognized in the financial statements unless they meet the definition of present obligations, can be reliably estimated and probable. They are disclosed in notes to the financial statements unless their occurrence is remote. By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Going Concern

In order to assess whether it is appropriate for the Company to be reported as a going concern, the Directors apply judgment, having undertaken appropriate enquiries and having considered the business activities and the Company's principal risks and uncertainties. In arriving at this judgment there are a large number of assumptions and estimates involved in calculating the Company's future cash flows. This includes management's expectations for the use of the Company's cash in the absence of any revenue generating activities, the timing and quantum of future expenditures and in the likelihood of success in being able to reach a commercial settlement with the Claimant (Notes 14 and 15).

6. CHANGES IN ACCOUNTING POLICIES

The IASB has issued accounting standards that have not yet been adopted by the Company. The accounting standards are the same accounting standards issued but not yet applied as noted in the consolidated financial statements for the year ended March 31, 2019.

7. OTHER RECEIVABLES

The Company has Other receivables in respect of Canadian harmonized sales taxes recoverable amounting to \$10,336 as at December 31, 2019 (\$2,367 as at March 31, 2019).

8. PREPAIDS

The Company has Prepaid expenses of \$40,999 as at December 31, 2019 (March 31, 2019 - \$94,823) mainly consisting of legal retainers to fund the Company's activities in connection with its legal dispute with a former software developer vendor (Notes 14 and 15) as well as for certain prepaid corporate insurance premiums.

9. LOSS ON SALE OF BUSINESS ASSETS

In the prior fiscal year, the Company recorded a charge to discontinued operations of \$117,527 during the nine months ended December 31, 2018 in order to adjust the amounts receivable from sale of assets with a carrying value of \$542,527 as at March 31, 2018, to its estimated realizable value of \$425,000.

NEXIA HEALTH TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019
(in Canadian Dollars unless expressly stated otherwise)

10. CAPITAL STOCK

Authorized

Unlimited – Preference shares
 Unlimited – Common shares

Issued and Outstanding

The Company had 94,758,915 common shares outstanding as at December 31, 2019 and March 31, 2019. The Company did not issue any shares during the three and nine months ended December 31, 2019.

11. RELATED PARTY TRANSACTIONS

There were no related party transactions incurred by the Company during the three and nine months ended December 31, 2019.

12. FINANCIAL INSTRUMENTS

Fair values of financial instruments

At December 31, 2019 and March 31, 2019, the estimated fair values of cash, other receivables, and accounts payable and accrued liabilities approximate their respective carrying values due to their short-term nature.

The Company's financial assets and liabilities are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices). Level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs). The Company has no financial assets that are measured using Level 2 or 3 inputs.

Liquidity risk

The following table details the Company's contractual maturity for its net financial liabilities. The information presented is based on the earliest date on the Company can be required to pay and represents the undiscounted cash flow including principal and interest.

At December 31, 2019

	Due within one year	Due within one and two years	Due within two and three years	Due within three and four years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,703,898	-	-	-

At March 31, 2019

	Due within one year	Due within one and two years	Due within two and three years	Due within three and four years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,542,824	-	-	-

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations.

NEXIA HEALTH TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019
(in Canadian Dollars unless expressly stated otherwise)

The Company's exposure to credit risk is minimal as it currently does not service any customers under contract. As at December 31, 2019 and March 31, 2019, there was no exposure to credit risk for trade receivables. Accordingly, there were no customers that individually comprised greater than 10% of total revenue during the third quarter of fiscal 2020 and the fiscal year 2020, or total trade receivables and as December 31, 2019 and March 31, 2019.

As at December 31, 2019, the Company has Other receivables of \$10,336 (March 31, 2019 - \$2,367) (Note 7) with minimal exposures to credit risk.

The Company may also have credit risk relating to cash, which it manages by dealing with large chartered banks in Canada and the United States with a high credit rating assigned by international credit rating agencies. The Company's objective is to minimize its exposure to credit risk in order to prevent losses on financial assets by placing its investments in highly liquid investments such as money market funds. The Company's cash carrying value is \$188,909 as at December 31, 2019, representing the maximum exposure to credit risk of these financial assets.

All of the Company's cash as at December 31, 2019 were held by one financial institution. All of the Company's exposure to credit risk relating to cash and cash equivalents as December 31, 2019 is in Canada.

Foreign currency risk

Foreign currency risk arises because of fluctuations in exchange rates. The Company's financial assets and financial liabilities that are denominated in foreign currencies are affected by changes in the exchange rate between the Canadian dollar and the US dollar.

As at December 31, 2019, monetary assets were \$nil (March 31, 2019 - \$194) and monetary liabilities were \$1,835,509 (March 31, 2019 - \$nil), resulting in net monetary liabilities in the amount of \$1,835,509 (net monetary assets at March 31, 2019 - \$194) denominated in US dollars. The increase in monetary liabilities denominated in US dollars was wholly due to the impact of the entry of the Court Judgment at the New York County Clerk's office (Note 14).

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by transacting with third parties in Canadian dollars to the maximum extent possible and practical. However, the impact of the Court Judgment, denominated in US dollars, resulted in a US monetary liability of \$1,835,509, which may be subject to significant variation in Canadian dollar terms depending on the movement in the exchange rates between the US dollar and Canadian dollar.

If a shift in foreign exchange rates of 10% were to occur, the exchange gain or loss on the net financial assets or liabilities could be plus or minus \$238,870 (March 31, 2019 - \$26) in Canadian dollar terms and this amount would be recorded in the consolidated statements of operations.

Interest rate risk

Interest rate risk arises because of the fluctuation in market interest rates. The Company has no interest bearing debt as at December 31, 2019 (March 31, 2019 - \$nil). Management does not actively manage interest rate risk, as interest rate risk is not currently material to the Company. Accordingly, if a shift in interest rates of 10% were to occur, the impact on interest expense for the year would be \$nil.

Management of capital

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its growth strategy, and undertake selective acquisitions. The Company's capital as at December 31, 2019 and March 31, 2019 is composed of share capital. The total capital at December 31, 2019 was \$41,204,121 (March 31, 2019 - \$41,204,121). The Company's primary uses of capital have been to finance operating losses, increases in non-cash working capital and capital expenditures, primarily capitalized development costs of its prior operations. The Company's primary source of funding for these requirements has been from cash raised through past share and debt issuances and the sale of assets. Cash generated from operations has not been sufficient to support the Company's investing and financing needs.

The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. Because of the uncertainty regarding the outcome of the Company efforts to reach a commercial settlement with the (Notes 14 and 15), the Company may be required to use all of its cash reserves to settle this liability.

In order to maximize its access to working capital, the Company does not currently pay a dividend to holders of its common shares.

NEXIA HEALTH TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019
(in Canadian Dollars unless expressly stated otherwise)

13. CHANGES IN NON-CASH WORKING CAPITAL BALANCES

The following summarizes the impacts to cash flow from changes in non-cash working capital balances.

	Three Months Ended		Nine Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	\$	\$	\$	\$
Changes in non-cash working capital balances				
Amounts receivable from sale of assets	-	425,000	-	425,000
Prepaid expenses	(9,541)	(63,464)	53,824	(48,219)
Other receivables	(3,711)	(772)	(7,969)	13,627
Accounts payable and accrued liabilities	9,229	(150,834)	161,074	(299,645)
	(4,023)	-	206,929	90,763

14. LEGAL MATTERS

In the normal course of business, the Company is exposed to various claims and possible claims; the outcome of each is unpredictable. In cases where management has sufficient information to make a reliable estimate of the amount of loss, those claims are accrued. For other claims it is management's opinion that the settlement of these claims, if any, should not have a significant impact on the Company's financial position.

Legal Dispute with Vendor

In September 2017, the Company participated in arbitration hearings pursuant to a claim by a former software developer vendor ("Claimant") of the Company for payment of service fees and termination fees.

On January 26, 2018, the arbitrator issued a Partial Final Award on Liability in the Claimant's favour whereby it upheld certain claims for breach of contract and indicated it would determine the quantum of damages following further submissions by the parties. On August 10, 2018, the arbitrator awarded damages in favour of the Claimant of approximately \$2,000,000, including approximately \$410,000 in interest due and approximately \$140,000 for arbitration costs ("Final Arbitration Award") and on August 20, 2018, the Company filed a Motion to Vacate the Final Arbitration Award in New York civil court (the "Court").

On May 20, 2019, the Court issued a Decision and Order denying the Company's petition to vacate the Final Arbitration Award and also granted the Claimant's cross motion to confirm the Final Arbitration Award plus interest at a rate of 9% per annum from August 10, 2018 (the "Order"). On May 31, 2019, the Company filed its Notice of Appeal with the Supreme Court, Appellate Division, First Department, of the State of New York ("Appellate Court") and further filed its appeal brief with Appellate Court on July 8, 2019.

As a result of the Court decision, the Company recorded additional provisions of \$711,310, \$50,008, \$51,747 in each of the fiscal quarters ended March 31, 2019, June 30, 2019, September 30, 2019, respectively, which were charged to general and administrative expenses for the additional costs reflected in the Final Arbitration Award, including interest charges levied at a rate of 9%.

Effective on October 16, 2019, the date of entry of the Court Judgment at the New York County Clerk's office, the entire amount of the Order along with additional interest was determined to be \$1,835,509 (the "Entire Judgment") denominated and payable in US dollars. Included in the Entire Judgment was additional interest levied at an annual rate of 18%, rather than 9%, on the basis that Nexia had not paid the Order within 30 days as provided for in the Final Arbitration Award.

On October 24, 2019, the Company was informed that the Appellate Court had affirmed the lower Court's Order and the Company continued to explore its available legal options with its legal counsel. Further, the Claimant initiated legal efforts in the Ontario courts to permit the Claimant to enforce the Entire Judgment in Ontario, and a court date for such proceedings is expected to occur in March 2020.

In light of the Appellate Court decision, the Company reached out to the Claimant on October 25, 2019 in order to arrive at a consensual framework that would be mutually beneficial to the Claimant and Nexia's shareholders. These discussions have explored, among other things, the potential realizable value in the Company's unutilized losses for tax purposes in Canada and the United States ("Tax Losses") and Nexia's public company status ("Shell") in connection with a potential transaction with a third-party company that wishes to become a public company in Canada by means of a reverse takeover transaction of Nexia ("RTO"), subject to regulatory and shareholder approvals.

NEXIA HEALTH TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019
(in Canadian Dollars unless expressly stated otherwise)

As at the end of the prior fiscal year ended March 31, 2019, the Company did not recognize deferred income tax assets in respect of the Tax Losses, amounting to \$41,832,318 as at March 31, 2019, as the extent that the realization of the related tax benefit through future taxable profits was not probable. The Tax Losses expire between the years 2028 and 2039 and would otherwise be extinguished in any insolvency scenario for the Company.

Discussions between Nexia and the Claimant were ongoing throughout the balance of the third fiscal quarter.

During the third quarter ended December 31, 2019, the Company recorded an additional provision of \$54,509, which was charged to general and administrative expenses for the additional interest and foreign exchange impact of the Entire Judgment, which was denominated and payable in US dollars.

As at December 31, 2019, the Company has \$2,388,640 (March 31, 2019 - \$2,232,375) recorded in its books in accounts payable and accrued liabilities for this legal matter on the basis of the Entire Judgment of \$1,835,509 denominated in US dollars, measured at a USD/CAD exchange rate of 1.30135 as at December 31, 2019. A movement in the exchange rates between the US dollar and Canadian dollar after December 31, 2019 could result in a material change to the carrying value of this liability in Canadian dollar terms, which would be reflected in the Company's statement of operations as an unrealized foreign exchange gain or loss.

As at December 31, 2019, the Company has \$188,909 of available cash and total assets of \$240,244. Unless the Company is successful in reaching a settlement with the Claimant, the Company will be insolvent and unable to carry on future operations as its available liquid assets would be insufficient to satisfy the Entire Judgment, and any residual value in the Company's public company status on the TSX Venture Exchange will be compromised.

15. SUBSEQUENT EVENTS

Subsequent to the third fiscal quarter ended December 31, 2019, the Company and Claimant continue to explore a consensual framework for an agreement (Note 14) but the Company cannot provide any assurance on the likelihood of success in being able to reach an acceptable settlement with the Claimant or that the Claimant is prepared to settle this legal action.

EXHIBIT “D”

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2631254
Estate No. 31-2631254

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Nexia Health Technologies Inc. (foa Nightingale Informatix Corp.)
of the City of Markham, in the Province of Ontario

Take notice that:

1. I, Nexia Health Technologies Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. A. FARBER & PARTNERS INC., LIT of 150 York Street, Suite 1600, Toronto, ON, M5H 3S5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Concord in the Province of Ontario, this 18th day of March 2020.

Nexia Health Technologies Inc.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2631254
 Estate No. 31-2631254

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Nexia Health Technologies Inc. (foa Nightingale Informatix Corp.)
 of the City of Markham, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Avalara Inc.	Dept. CH 16781 Palatine IL 6055-6781 USA		4,037.52
Azmin Daya	1 Cassandra Cres. Richmond Hill ON L4B 3Z8		500.00
Bell Canada (Fax)	PO Box 9000 Station Don Mills North York ON M3C 2X7		548.03
Bell Mobility	PO Box 5102 PO Box 5102 Burlington ON L7R 4R7		10,913.45
Borden Ladner Gervais LLP	Bay Adelaide Centre, East Tower 22 Adelaide Street West Toronto ON M5H 4E3		42,528.13
Brightlights	PO Box 2302 2300 Yonge St., Suite 1000 Toronto ON M4P 1E4		11,470.00
Broadridge	5970 Chedworth Way Mississauga ON L5R 4G5		527.97
Canadian Healthcare Technology	Suite 207 1118 Centre Street Thornhill ON L4J 7R9		7,889.75
Cassels Brock & Blackwell LLP	2100 Scotia Plaza, 40 King Street West Toronto ON M5H 3C2		12,809.51
CDW Canada	Suite 300 20 Carlson Court Etobicoke ON M9W 7K6		3,170.29
Chubb Insurance Company Canada	PO Box 139, Commerce Court Postal Station 199 Bay Street, Suite 2500 Toronto ON M5L 1E2		19,824.62
Citrix Online LLC	C/O Lockbox 915250 P. O. Box 4090 STN A Toronto ON M5W 0E9		3,870.00

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2631254
 Estate No. 31-2631254

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Nexia Health Technologies Inc. (foa Nightingale Informatix Corp.)
 of the City of Markham, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Citrix Systems Inc.	851 W. Cypress Creek Rd. Fort Lauderdale FL 33309 USA		1,957.11
Doug Stewart Consulting DBA Pencader Consulting	4118 Armitage Ave. Ottawa ON K0A 1T0		5,085.00
Federal Express Canada Ltd	PO Box 4626, Station A Toronto ON M5W 5B4		267.99
Grossman Dorland Recruiting	Suite 1005 317 Adelaide St. Toronto ON M5V 1P9		17,797.50
Integrated Messaging Inc.	550 Berry St. Winnipeg MB R3H 0R9		416.01
James Iglesias	61 Nicoles Trail Thordale ON N0M 2P0		500.00
Loyalist College	378 Wallbridge Loyalist Rd Belleville ON K8N 5B9		433.31
Miratech Inc.	140 Broadway, 46th Floor New York NY 10005 USA		2,388,638.61
Purolator Inc.	PO Box 7006 31 Adelaide Street East Toronto ON M5C 3E2		2,323.01
Ryan	3 Conestoga Drive Brampton ON L6Z 4N5		1,574.06
Sam Chebib	143 Forest Ridge Rd. Richmond Hill ON L4E 3L8		500.00
Select Sandwich	505 Hood Rd. # 6 Markham ON L3R 5V6		558.63
SF Partnership LLP	Suite 400 4950 Yonge Street Toronto ON M2N 6K1		11,866.11
Sheraton Toronto Centre	123 Queen Street West Toronto ON M5H 2M9		64,747.72

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2631254
Estate No. 31-2631254

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Nexia Health Technologies Inc. (foa Nightingale Informatix Corp.)
of the City of Markham, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Shred-IT International	7040 Davand Drive Mississauga ON L5T 1J5		614.53
University of St. Michael's College, University of Toronto	81 St. Mary Street Toronto ON M5S 1J4		2,004.67
Total			2,617,373.53

Nexia Health Technologies Inc.
Insolvent Person

EXHIBIT “E”

FARBER



Acquisition Opportunity

FarberGroup.com

Reorganization of a Company Listed on the NEX Board of the TSX Venture Exchange: Nexia Health Technologies Inc. (NGH.H)

Nexia Health Technologies Inc. (“Nexia” or the “Company”) has engaged A. Farber & Partners Inc. (“Farber”) to act as the financial advisor and Proposal Trustee in connection with the reorganization of the Company.



Company Overview

Established in 2002, the Company had been an industry leader in cloud-based clinician and community-based Electronic Health Records (EHR) in North America who began trading on the TSX Venture Exchange (“TSXV”) in 2005.

Nexia had been engaged in the development, sale and support of application software and related services to customers in the healthcare industry in Canada and the United States. The Company had agreements in place with hospitals, regional groups and provincial governments and had a large mature base of customers using its Practice Management and EHR products, primarily in Canada, which generated revenues of more than \$10 million during fiscal 2016.

The Company completed the sale of its US operating assets through an asset sale to Pulse, Inc. in October 2015 for \$11 Million and a further sale of its Canadian operating assets to Telus Health through an asset sale for \$15 Million in September 2016.

After the sale of its Canadian Operations, the Company ceased to carry on an active business and hence became listed on the NEX board of the TSXV (NGH.H). The Company’s name was changed to Nexia (formerly Nightingale Informatix Corporation) and new members of the Board and Management were appointed. The Company was transformed from an operating company in the EHR market to a Company without customers (or revenues) or employees and with no fixed expenses except for the financial and legal administrative expenses required to protect and monetize the value of its residual assets of the Company.

Since August 2016, Nexia has been involved in a legal dispute with a former software vendor to the Company (“Claimant”). The legal dispute has already gone through arbitration proceedings and court proceedings in the State of New York, while court proceedings are currently pending in Ontario. Nexia has not been able to market its residual assets, as it has not been able to reach an agreement with the Claimant in restructuring of its obligations owing to the Claimant. As a result, the Company filed a Notice of Intention to Make a Proposal (“NOI”) under the *Bankruptcy and Insolvency Act (Canada)* on March 18, 2020.

Investment Opportunity

The residual assets of the Company are comprised of:

- i. the value in the Company's public company status on the TSXV ("Shell");
- ii. the realizable value of its unutilized losses for tax purposes in Canada ("Tax Losses"); and
- iii. the value in the Company's investments in two wholly-owned non-operating subsidiaries in Canada and the United States ("Subs").

Nexia is a public company in good standing on the TSXV with 94,758,915 common shares issued and outstanding. Based upon information filed on SEDI, the System for Electronic Disclosure by Insiders, the Company has identified two persons who beneficially own, directly or indirectly, or who exercises control or direction, 46,366,869 common shares or 48.9% of the voting securities of the Company.

As at the Company's most recently completed financial year end of March 31, 2019, Nexia has \$38,118,250 in unutilized non-capital tax losses in Canada with losses expiring between the years 2028 and 2039, which may be applied against future Canadian taxable income.

The Company's Canadian subsidiary, Nightingale Healthenet Canada Corporation, has \$1,958,922 in unutilized non-capital tax losses expiring between the years 2028 and 2039, which may be applied against future Canadian taxable income.

The Company's U.S. subsidiary, Nightingale VantageMed Corporation, has USD\$3,862,090 of unutilized tax losses in the United States, which may be applied against future U.S. taxable income (subject to U.S. IRS rules which limit the annual utilization of losses).

The Shell, the Tax Losses, and the Subs represent essentially all of the assets of Nexia.

The Company is seeking a third-party purchaser of Nexia who wishes to become a public company in Canada by means of a reverse takeover transaction of Nexia, subject to regulatory and shareholder approval, and/or acquire the Company's Tax Losses and/or the Company's Subs separately.

Some of the reasons that this is an attractive opportunity include:

- opportunity to implement a reverse takeover (RTO) to become a publicly traded company without an IPO
- Nexia is up-to-date on its filings with NEX board of the TSXV and with its financial reporting, which will help to minimize the required professional fees to affect this transaction
- the main creditor is the Claimant which is owed approximately \$2,388,636 and the other creditors total less than \$300,000, all of which can be properly dealt with by the Notice of Intention to Make a Proposal ("NOI") under the *Bankruptcy and Insolvency Act (Canada)*. All legacy liabilities including the Claimant, additional creditors and any unknown potential pre-NOI claims will all be dealt with by the *Bankruptcy and Insolvency Act* process.
- potential to utilize approximately \$38M of Tax Losses in Nexia, which may be slightly reduced by debt forgiveness, plus the Tax Losses in the Canadian and US subsidiaries of approximately \$1,958,922 and US\$3,862,090, respectively.

For further information, please contact:

John Hendriks, CPA, CA, CIRP, LIT
Managing Director - A. Farber & Partners Inc.
416.496.3701 | jhendriks@farbergroup.com

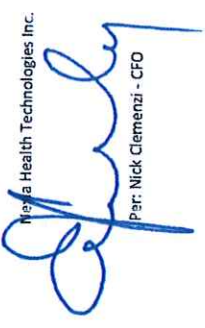
EXHIBIT “F”

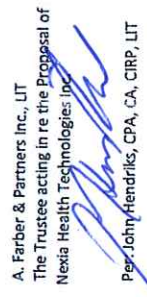
ESTATE # 31-2631254

NEXIA HEALTH TECHNOLOGIES INC.
 SUMMARY CASH FLOW FORECAST UNDER NOI
 REVISION DATE: 22-Mar-20

PARTICULARS	week 1 27-Mar	week 2 03-Apr	week 3 10-Apr	week 4 17-Apr	week 5 24-Apr	week 6 01-May	week 7 08-May	week 8 15-May	week 9 22-May	week 10 29-May	week 11 05-Jun	week 12 12-Jun	week 13 19-Jun	week 13 26-Jun
CASH (INDEBTEDNESS) OPENING	57,525.75	59,906.35	47,226.85	45,500.30	45,500.30	44,332.76	33,421.19	32,888.69	32,888.69	31,721.15	23,151.73	10,581.68	10,338.73	7,758.69
CASH INFLOWS:														
Recoverable Harmonized Sales Tax from CRA	5,606.95	-	-	-	-	1,417.93	-	-	-	1,589.09	-	-	-	1,300.00
TOTAL CASH INFLOWS	5,606.95	-	-	-	-	1,417.93	-	-	-	1,589.09	-	-	-	1,300.00
CASH OUTFLOWS:														
Directors & Officers	-	12,230.50	-	-	-	12,230.50	-	-	-	-	12,230.50	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	10,109.51	-	-	-	-
Regulatory	2,330.63	350.00	242.95	-	-	-	242.95	-	-	-	-	242.95	1,412.50	-
Office & IT Related	895.72	49.00	289.55	-	1,167.54	49.00	289.55	-	1,167.54	49.00	289.55	-	1,167.54	49.00
Credit card payment for current services	-	-	1,194.05	-	-	-	-	-	-	-	-	-	-	-
Bank Fees	-	50.00	-	-	-	50.00	-	-	-	-	50.00	-	-	-
TOTAL CASH OUTFLOWS	3,226.35	12,679.50	1,726.55	-	1,167.54	12,329.50	532.50	-	1,167.54	10,158.51	12,570.05	242.95	2,580.04	49.00
NET CASH CHANGE, DURING PERIOD	2,380.60	(12,679.50)	(1,726.55)	-	(1,167.54)	(10,911.57)	(532.50)	-	(1,167.54)	(9,569.42)	(12,570.05)	(242.95)	(2,580.04)	1,251.00
CASH (INDEBTEDNESS) ENDING	59,906.35	47,226.85	45,500.30	45,500.30	44,332.76	33,421.19	32,888.69	32,888.69	31,721.15	23,151.73	10,581.68	10,338.73	7,758.69	9,009.69

This Statement of Projected Cash Flow, prepared in accordance with s.s. 50(6) and/or s.s. 50.4(2) of the Bankruptcy and Insolvency Act, should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

Nexia Health Technologies Inc.

 Per: Nick Clemenzi - CFO

A. Farber & Partners Inc., LIT
 The Trustee acting in re the Proposal of
 Nexia Health Technologies Inc.

 Per: John Hendriks, CPA, CA, CIRP, LIT

NEXIA HEALTH TECHNOLOGIES INC.
(the "Company")

NOTES TO AND ASSUMPTIONS UNDERLYING THE STATEMENT OF PROJECTED CASH FLOW FOR THE WEEKS ENDING MARCH 27, 2020 TO JUNE 26, 2020

NOTES

The purpose of the statement of projected cash flow for the weeks ending March 27, 2020 to June 26, 2020 is to comply with the provisions of the *Bankruptcy and Insolvency Act* (the "Act").

HYPOTHETICAL ASSUMPTIONS

An assumption that assumes a set of economic conditions or courses of action that are not necessarily the most probable in the insolvent person's judgement but are consistent with the purpose of the cash-flow projection.

None.

PROBABLE ASSUMPTIONS


An assumption that the insolvent person believes reflects the most probable set of economic conditions and planned courses of action; they are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the revised cash-flow statement.

1. The Company will remain inactive but for the executive oversight during these NOI proceedings to maintaining the public listing of the company, soliciting expressions of interest therein, preparing and submitting a proposal to the unsecured creditors and the NOI administration as required under the Act

This Statement of Projected Cash Flow of Nexia Health Technologies Inc. is prepared in accordance with s.s. 50.4(2) and/or s.s. 50 (6) of the Bankruptcy and Insolvency Act should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

DATED AT TORONTO this 23rd day of March, 2020.

A. FARBER & PARTNERS INC.
THE TRUSTEE ACTING *IN RE* THE PROPOSAL
OF NEXIA HEALTH TECHNOLOGIES INC.


Per: John Hendriks, CPA, CA, CIRP, LIT

NEXIA HEALTH TECHNOLOGIES INC.


Per: Nick Clemenzi - CFO

**IN THE MATTER OF THE PROPOSAL OF
NEXIA HEALTH TECHNOLOGIES INC.
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF ONTARIO
WITH A HEAD OFFICE IN THE
CITY OF MARKHAM, IN THE PROVINCE OF ONTARIO**

**REPORT ON CASH-FLOW STATEMENT BY THE PERSON
MAKING THE PROPOSAL**

(Paragraphs 50(6)(c) and 50.4(2)(c) of the Bankruptcy and Insolvency Act)

Nexia Health Technologies Inc. has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of March 23, 2020 consisting of the statement of projected cash-flow for the weeks ending March 27, 2020 to June 26, 2020, and the notes and assumptions underlying the statement of projected cash flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes to and assumptions underlying the statement of projected cash flow.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in the notes to and assumptions underlying the statement of projected cash flow. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT VAUGHAN this 23rd day of March, 2020.

NEXIA HEALTH TECHNOLOGIES INC.


Per: Nick Clemenzi - CFO

**IN THE MATTER OF THE PROPOSAL OF
NEXIA HEALTH TECHNOLOGIES INC.
A COMPANY DULY INCORPORATED PURSUANT TO
THE LAWS OF ONTARIO WITH A HEAD OFFICE IN THE
CITY OF MARKHAM, IN THE PROVINCE OF ONTARIO**

TRUSTEE'S REPORT ON CASH-FLOW STATEMENT
(Paragraph 50(6)(b) of the Bankruptcy and Insolvency Act)

The attached statement of projected cash-flow of Nexia Health Technologies Inc. as of March 23, 2020 consisting of the statement of projected cash-flow for the weeks ending March 27, 2020 to June 26, 2020 and the notes and assumptions underlying the statement of projected cash flow, has been prepared by the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions as set out in the notes to and assumptions underlying the statement of projected cash flow.

Our review consisted of enquiries, analytical procedures and discussion related to information supplied to us by the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

DATED AT TORONTO this 23rd day of March, 2020.

A. FARBER & PARTNERS INC.

The Trustee acting *in re* the proposal of
Nexia Health Technologies Inc.



Per: John Hendriks, CPA, CA, CIRP, LIT

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
NEXIA HEALTH TECHNOLOGIES INC.

Court File No.: 31-2631254

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

**FIRST REPORT OF THE PROPOSAL TRUSTEE
A. FARBER & PARTNERS INC.
DATED APRIL 9, 2020**

A. FARBER & PARTNERS INC.
150 York Street, Suite 1600
Toronto Ontario Canada
M5H 3S5

John Hendriks, CPA, CA, CIRP, LIT
Tel: +1 416.496.3701
Fax: +1 416.496.3839
jhendriks@farbergroup.com

Trustee acting in the proposal of Nexia Health
Technologies Inc.