

**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.

**MOTION RECORD OF NEXIA HEALTH TECHNOLOGIES INC.
(Extension of Time to File Proposal)
(returnable April 17, 2020)**

April 9, 2020

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**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.

**MOTION RECORD OF THE PROPOSAL TRUSTEE
(Extension of Time to File Proposal)
(returnable April 17, 2020)**

TABLE OF CONTENTS

TAB	DESCRIPTION	PAGE NO.
1	Notice of Motion dated April 9, 2020	1 – 5
2	Affidavit of Nick Clemenzi, sworn April 9, 2020	6 – 9
A.	Exhibit “A” – Nexia Health Technologies Inc. – Management Discussion and Analysis for the period ending December 31, 2019	10 – 20
3	Draft Order	21 – 23

Court File No.: 31-2631254

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

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

**NOTICE OF MOTION
(Extension of time to file a proposal)
(returnable April 17, 2020)**

NEXIA HEALTH TECHNOLOGIES INC. (“Nexia”), will make a motion before a judge of the Ontario Superior Court of Justice (Commercial List) on Friday, April 17th, 2020, at 12 p.m. or as soon after that time as the motion can be heard by teleconference by reason of the COVID-19 state of emergency.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

- 1 An Order:
 - (a) abridging the time for service of this notice of motion and the motion record such that the motion is properly returnable on April 17, 2020;
 - (b) dispensing with service on any persons other than those served; and
 - (c) extending the time to file a proposal pursuant to subsection 50.4(9) of the *Bankruptcy and insolvency Act* (the “BIA”) for a period of 45 days to and including June 1, 2020.

2 Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1 Nexia is an Ontario company with its head office in Markham, Ontario;

2 Nexia filed a notice of intention to make a proposal to its creditors pursuant to section 50.4 of the BIA on March 18, 2020 (the “**NOI**”).

3 Nexia appointed A. Farber & Partners Inc. as the proposal trustee;

4 The current deadline by which Nexia must file a proposal under the BIA is April 17, 2020;

5 Nexia requires additional time to make a proposal to its creditors. This is the first extension request;

6 At all material times since the filing of the NOI, Nexia has acted and continues to act in good faith and with due diligence;

7 Nexia no longer has any operations. Nexia’s value is comprised of three residual assets, which include its publicly-listed status, unutilized carry-forward tax losses and shares of two wholly-owned inactive subsidiaries;

8 Nexia has been working with the proposal trustee to solicit value-maximizing investment or sale proposals for the benefit of its creditors;

9 Nexia is likely to present a viable proposal to its creditors if the extension is granted;

10 No creditor will be materially prejudiced if the extension is granted;

11 The proposal trustee supports the granting of the extension;

12 Nexia is not aware of any person that opposes the relief sought;

13 If the extension request is not granted, Nexia will be deemed to have made an assignment in bankruptcy which would eliminate the opportunity for Nexia to monetize its two primary residual assets – its public company status and carry-forward tax losses – to the detriment of its creditors;

14 Section 50.4(9) of the BIA;

15 Rules 3, 6 and 11 of the *Bankruptcy and Insolvency General Rules*, C.R.C. 1978, c. 368, as amended;

16 Rules 1.04, 1.05, 2.03, 3.01, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and

17 Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the motion:

1 The affidavit of Nick Clemenzi sworn April 9, 2020;

2 The First Report of the proposal trustee dated April 9, 2020; and

3 Such further and other evidence as counsel may advise and this Court may permit.

April 9, 2019

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

Proceeding commenced at TORONTO

**NOTICE OF MOTION
(RETURNABLE APRIL 17, 2020)**

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

**AFFIDAVIT OF NICK CLEMENZI
(sworn April 9, 2020)**

I, NICK CLEMENZI, of the CITY OF VAUGHAN, IN THE PROVINCE OF ONTARIO, MAKE OATH AND SAY:

1 I am the Chief Financial Officer of Nexia Health Technologies Inc. (“**Nexia**”), and as such have personal knowledge of the information to which I depose in this affidavit. To the extent that I rely on information provided by others, I state the source of that information and believe it to be true.

2 This affidavit is sworn in support of Nexia’s motion for an order extending the time to file a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) for a period of 45 days from April 17, 2020 to and including June 1, 2020.

BACKGROUND

3 Nexia filed a notice of intention (“**NOI**”) to make a proposal pursuant to Section 50.4(1) of the BIA on March 18, 2020. A. Farber & Partners Inc. was appointed as the proposal trustee (the “**Trustee**”).

4 The purpose of these proposal proceedings is to provide Nexia with an opportunity to solicit value-maximizing investment or sale proposals for the benefit of its creditors. The requested extension is necessary for Nexia to achieve that purpose.

THE COMPANY

5 Nexia is a publicly-traded company incorporated under the laws of Ontario.

6 Nexia was formerly in the business of the development, sale and support of application software and related services to customers in the healthcare industry in the U.S. and Canada.

7 Nexia sold its U.S. and Canadian operating assets in October 2015 and September 2016, respectively. Since then, Nexia has had no operating business or fixed expenses except for administrative expenses required to protect and monetize the value of its residual assets.

8 The residual assets of Nexia are comprised of:

- (a) unutilized losses for tax purposes in the U.S. and Canada;
- (b) its public company status; and
- (c) shares of two wholly-owned inactive subsidiaries.

CAUSE OF FINANCIAL DISTRESS

9 On August 10, 2018, Miratech, Inc. ("**Miratech**"), a former software developer vendor of Nexia, was awarded approximately CAD \$2,000,000, including approximately \$410,000 in interest and approximately \$140,000 for arbitration costs, following a final arbitration hearing that commenced in September 2017.

10 On August 20, 2018, Nexia filed a motion to vacate the final arbitration award in a New York civil court. In May 2019, the New York court issued its decision denying Nexia's motion. Nexia appealed to the New York appellate court but subsequently lost in October 2019.

11 Following the appellate court's decision, Nexia and Miratech attempted to reach a settlement as Nexia's available cash and liquid assets were insufficient to satisfy the damages award. A copy of Nexia's last Management Discussion and Analysis for the period ending December 31, 2019, which provides a summary of the foregoing legal dispute, is attached as **Exhibit "A"**.

12 No settlement was reached with Miratech which, coupled with legal fees incurred as a result of Nexia's failed appeal efforts, caused Nexia to become insolvent.

ACTIVITIES TO DATE

13 Since the filing of the NOI on March 18, 2020, Nexia has been working in good faith and with due diligence with the Trustee to solicit investment or sale proposals. In particular, but without limitation, Nexia has:

- (a) Provided potential lead candidates to the Trustee to include in its sales process;
- (b) Prepared a sales teaser (the "**Sales Teaser**") with the Trustee to send to interested parties. I understand from the Trustee, that the Sales Teaser has been sent to approximately 41 parties in Canada and the U.S.;
- (c) Cancelled ongoing charges and received credits from one of Nexia's creditors to reduce ongoing expenditures; and
- (d) Reduced its administrative expenses to preserve cash flow.

A copy of the Sales Teaser is included in the First Report of the Trustee as Exhibit "E".

EXTENSION REQUEST

14 The 30-day period after the filing date of the NOI expires on April 17, 2020. Nexia is seeking an extension to make a proposal for a period of 45 days to and including June 1, 2020 (the "Extension").

15 At all material times, and as discussed above, I believe that Nexia has been and continues to act in good faith and with due diligence.

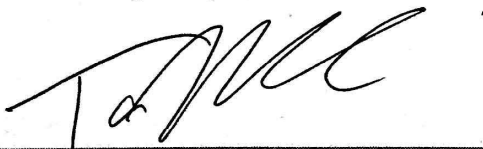
16 Nexia requires the Extension to continue soliciting value-maximizing investment or sale proposals (the "Sales Process").

17 It is Nexia's view that an extension of time to file a proposal would likely allow it to make a viable proposal to its creditors.

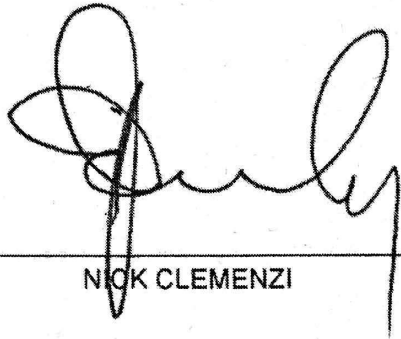
18 The alternative to filing a proposal would be the deemed bankruptcy of Nexia, which I believe would be eliminating the opportunity for Nexia to monetize its two primary residual assets – its carry-forward tax losses and publicly-listed status – to the detriment of its creditors.

19 I am not aware of any creditor that would object to the extension of the time requested. In addition, I do not believe that the extension would prejudice any of the creditors.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 9th day of April, 2020.



A Commissioner for taking affidavits
TAE-MIN CHOI



NICK CLEMENZI

This is Exhibit "A" referred to in the
Affidavit of Nick Clemenzi, sworn
before me this 9th day of April, 2020.



A Commissioner for Taking Affidavits

TAE-MIN CHOI



NEXIA HEALTH TECHNOLOGIES INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
For the three and nine months ended December 31, 2019**

Management's Discussion and Analysis (MD&A) supplements, but does not form part of the consolidated financial statements and notes of Nexia Health Technologies Inc. ("Nexia" or the "Company") for the periods.

This MD&A, prepared as of February 25, 2020, should be read in conjunction with the Company's December 31, 2019 condensed consolidated financial statements and notes, as well as its March 31, 2019 Audited Consolidated Annual Financial Statements and Notes.

**NEXIA HEALTH TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019**

This MD&A provides an overview of significant developments that have affected Nexia Health Technologies Inc.'s ("Nexia" or the "Company") performance during the three and nine months ended December 31, 2019.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The interim condensed consolidated financial statements referred to in this MD&A have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting. Accordingly, the 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.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved", as well as those specifically identified herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Nexia to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the outcome of the Company efforts to reach a commercial settlement with the claimant in the Company's legal dispute with a former software developer vendor; the anticipated benefits of the sale of the assets; risks related to the speculative nature of the medical software industry, which is affected by numerous factors beyond Nexia's control; the ability of Nexia to introduce its products to marketplaces where it is not prohibited; the ability of Nexia to successfully secure customer contracts and the timing of securing such contracts; the ability of Nexia to successfully market the V10 platform; Nexia's access to debt and capital facilities; the existence of present and possible future government regulation; the significant competition that exists in the medical software industry; the early stage of Nexia's business strategy, and risks associated with early stage companies, including uncertainty of revenues, markets and profitability and the need to raise additional funding. All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends. Certain material factors or assumptions applied by management in making forward-looking statements, include without limitation, factors and assumptions regarding future trends in healthcare spending, economic conditions affecting Nexia and world economies; Nexia's ability to continue to fund its business strategy, rates of customer defaults, relationships with, and payments to suppliers, as well as Nexia's operating cost structure.

Although Nexia has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Nexia does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

1. OVERVIEW

Recent Developments

At the annual general meeting of shareholders of the Company held on September 27, 2019, each of Sam Chebib, Azmin Daya and James Iglesias were re-elected directors and BDO Canada LLP, Chartered Accountants, were re-appointed as the Company's auditors.

The Company appointed Azmin Daya, President and Chief Executive Officer of the Corporation, effective February 1, 2019, replacing Sam Chebib who continued as Chairman of the Board.

As more fully discussed below in section 2. Recent Developments under heading Legal Dispute with Vendor, the Company was informed on October 24, 2019 that the Appellate Court affirmed the lower Court's Order. 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

**NEXIA HEALTH TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019**

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.

Business Description

Established in 2002, Nexia (TSX-V: NGH.H) had been an industry leader in cloud-based clinician and community-based Electronic Health Records (EHR) prior to the sale of its US operating assets (the "US Business") through an asset sale completed in October 2015 and the sale of its Canadian operating assets (the "Canadian Operations") through an asset sale completed on September 7, 2016.

Prior to completing the sale of its assets, 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.

With the sale of its Canadian Operations to Telus Health during the 2017 fiscal year, the business of the Company has been transformed from an operating company in the EHR market to a company without customers or revenues, no fixed expenses except for administrative expenses required to protect and monetize the value of its residual assets.

Nexia's Strategy

The residual assets of the Company are comprised of:

- realizable value of unutilized losses for tax purposes in Canada and the United States; and
- Nexia's public company status

The Company's strategy is to identify opportunities to monetize its residual assets, or in the alternative, seek a transaction involving the sale of all of the Common Shares of the Company to a third party or other transactions that create shareholder value.

Given the uncertainties surrounding the Company's efforts to reach a commercial settlement with the claimant in the Company's legal dispute with a former software developer vendor, the likelihood of any transaction being completed is uncertain at this time.

Revenue Model

Prior to the completion of the sale transactions, Nexia's revenue model was based primarily on generating revenue from physicians and health-care providers directly or indirectly through their buying groups, such as hospitals, health-care associations and government agencies, through the delivery of proprietary software and services.

Nexia earned revenue during the 2017 fiscal year until the sale of the Canadian Operations on September 7, 2016, which had been derived from a variety of software and related service offerings. For its software solutions, Nexia offered a utilization or Software as a Service ("SaaS") based model that combined software license, hosting, support and maintenance fees in a single flat monthly fee. Nexia also offered an up-front software licence fee along with annual support and maintenance fees as well as a monthly transaction based fee structure. Implementation, training and other services were offered under all models and are recognized as services are rendered.

The sale of the Canadian Operations in fiscal 2017 represented substantially all of Nexia's ability to generate revenue and no additional revenues were recognized in fiscal years ended March 31, 2018 and March 31, 2019, as well as in the three and nine months ended December 31, 2019.

Outlook

See "Cautionary Note Regarding Forward-Looking Statements".

**NEXIA HEALTH TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019**

As at December 31, 2019, the Company has cash of \$188,909 and total assets of \$240,244, with accounts payable and accrued liabilities of \$2,703,898, including \$2,388,640 (\$1,835,509 denominated in US dollars) for a liability to a former software vendor, with no other debt as the Company retired all of its former secured debt and certain liabilities during the 2017 fiscal year.

The residual assets of the Company are comprised of:

- realizable value of unutilized losses for tax purposes in Canada and the United States; and
- Nexia's public company status

Because of the uncertainty regarding the outcome of the Company efforts to reach a settlement agreement with the Claimant, as described in 2. Recent Developments immediately below, the Company may be required to use all of its cash reserves to settle this liability while current market conditions to raise capital given the Company's historical cash consumption have made the likelihood of raising capital at favourable valuations very uncertain.

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.

2. RECENT DEVELOPMENTS

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 in excess of \$3.0 million. The Company filed a counterclaim in excess of \$5.0 million seeking reimbursement for damages and fees already paid. 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 filed 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 and \$51,747 in each of the fiscal quarters ended March 31, 2019, June 30, 2019 and September 30, 2019, respectively, which were charged to general and administrative expenses for the additional costs reflected in the Final Arbitration Award, including potential 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.

NEXIA HEALTH TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019

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.

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.

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 could result in a material change to the carrying value of this liability in Canadian dollar terms.

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.

DISCUSSION OF OVERALL PERFORMANCE, RESULTS OF OPERATIONS AND FINANCIAL CONDITION

In \$000's (except per share data)	Quarter Ended				Year Ended	Quarter Ended				Year Ended				Year to Date
	June 30, 2017	Sept 30, 2017	Dec 31, 2017	Mar 31, 2018	March 31, 2018	June 30, 2018	Sept 30, 2018	Dec 31, 2018	Mar 31, 2019	March 31, 2019	June 30, 2019	Sept 30, 2019	Dec 31, 2019	Dec 31, 2019
Loss from continuing operations														
General and Administrative expenses	(242)	(469)	(469)	(314)	(1,494)	(241)	(144)	(166)	(899)	(1,450)	(324)	(283)	(150)	(757)
Interest (expense) income	-	13	-	1	14	-	-	-	-	-	-	-	-	-
Other (losses) gains	(30)	(31)	1	274	214	(2)	1	(3)	3	(1)	(2)	1	-	(1)
Total	(272)	(487)	(468)	(39)	(1,266)	(243)	(143)	(169)	(896)	(1,451)	(326)	(282)	(150)	(758)
Income (loss) from discontinued operations														
Canadian Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US Business	-	-	-	(6)	(6)	-	-	-	(2)	(2)	-	-	-	-
Loss on sale of business assets	-	-	-	-	-	-	(136)	19	-	(117)	-	-	-	-
Total	-	-	-	(6)	(6)	-	(136)	19	(2)	(119)	-	-	-	-
Income (loss) and comprehensive income (loss)	(272)	(487)	(468)	(45)	(1,272)	(243)	(279)	(150)	(898)	(1,570)	(326)	(282)	(150)	(758)
Basic and Diluted Per share														
Continuing operations	\$ -	\$ (0.01)	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ (0.01)	\$ (0.02)	\$ -	\$ -	\$ -	\$ (0.01)
Discontinued operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Weighted Avg. # of Common Shares ('000's)														
Basic	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759
Diluted	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759	94,759

NEXIA HEALTH TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019

THREE AND NINE MONTHS FISCAL 2020 RESULTS OF OPERATIONS COMPARED TO THREE AND NINE MONTHS FISCAL 2019 RESULTS OF OPERATIONS

	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	-	18,751	-	(117,527)
Loss from discontinued operations	-	18,751	-	(117,527)
Loss and comprehensive loss	(149,959)	(149,949)	(758,193)	(672,569)

Loss from Continuing Operations and Comprehensive loss:

The following is a discussion regarding the expenses pertaining to continuing operations:

There was a loss from continuing operations for the three months ended December 31, 2019 of \$149,959, compared to a loss from continuing operations of \$168,700 for the three months ended December 31, 2018.

On a year to date basis, the loss from continuing operations was \$758,193 for the nine months ended December 31, 2019 compared to a loss of \$555,042.

General and Administrative Expenses:

The Company incurred general and administrative expenses of \$149,743 during the three months ended December 31, 2019, compared to \$166,117 for the comparative three-month period, for a decrease of \$16,374 mainly due to an lower legal fees by \$91,118 offset by additional provisioning of \$54,509 in connection with the Court Order in a legal dispute with vendor.

On a year to date basis, general and administrative expenses of \$756,596 were incurred compared to general and administrative expenses of \$551,789, for an increase of \$204,807, mainly due to higher overall arbitration and legal fees by \$26,797 and \$156,264 for the additional provisions in connection with the Court Order in a legal dispute with vendor.

After the sale of the Company's Canadian Operations in September 2016, the Company no longer had an continuing employee costs, but certain expenditures were incurred by the Company starting in the third and fourth quarters of fiscal 2017 order to maintain the Company's corporate status and public company listing, continue to develop a strategy to monetize its residual assets, and to permit the Company to investigate potential transactions that will create shareholder value while managing risk around its legal matters. These expenses are general and administrative by nature and are recorded as operating expenses of the continuing operations.

Included in general and administrative expenses during the three months ended December 31, 2019 were legal costs of \$34,849, mainly in respect of the Company's appeal efforts of the Court decision, compared with \$125,967 for the three months ended December 31, 2018, in connection with the Company's legal and arbitration costs, for a decrease of \$91,118. On a year to date basis, legal expenses were \$433,195 for the nine months ended December 31, 2019, compared to \$406,398 for the nine months ended December 31, 2018, for an increase of \$26,797. All these costs were in respect of the legal matter with a former software developer vendor of the Company, as more fully described in Section 2 of this MD&A.

In addition, as a result of the Court decision, during the three and nine months ended December 31, 2019, the Company recorded additional provisions of \$54,509 and \$156,264, respectively, charged to general and administrative expenses for the additional costs as reflected in the Entire Judgment.

**NEXIA HEALTH TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019**

Foreign currency loss:

Foreign currency adjustments resulted in a loss of \$216 for the three months ended December 31, 2019 (and loss of \$1,597 for the nine months ended December 31, 2019), comparable to a loss of \$2,583 in the three months ended December 31, 2018 (and loss of \$3,253 for the nine months ended December 31, 2018).

Foreign currency adjustments also arise from the periodic revaluation of the Company's assets and liabilities that are denominated in US dollars.

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 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, 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.

Loss from Discontinued Operations

During the nine months ended December 31, 2018, the Company recorded a charge to discontinued operations of \$117,527 in order to adjust the amounts receivable from the prior sale of assets, which has a carrying value of \$542,527 as at March 31, 2018, to its estimated realizable value of \$425,000. The charge was reflected as a loss on the sale of business assets.

3. LIQUIDITY AND CAPITAL RESOURCES

The 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 significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon 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, 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.

Cash

Cash and cash equivalents as at December 31, 2019 were \$188,909 compared to \$740,173 as at March 31, 2019. There was a working capital deficit of \$2,463,654 as at December 31, 2019 compared to working capital deficit of \$1,705,461 as at March 31, 2019.

NEXIA HEALTH TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019

Cash Flow from Operating Activities:

Cash flows used in operating activities were \$153,982 for the three months ended December 31, 2019, including a loss from operations of \$149,959 net of cash used from changes in non-cash working capital balances of \$4,023, compared with cash flows provided from operating activities of \$41,230 for the three months ended December 31, 2018, which included a loss from operations of \$168,700, and cash provided from changes in non-cash working capital balances of \$209,930.

Cash flows used in operating activities were \$551,264 for the nine months ended December 31, 2019, including a loss from operations of \$758,193 net of cash provided from changes in non-cash working capital balances of \$204,929, compared with cash flows used in operating activities of \$464,279 for the nine months ended December 31, 2018, which included a loss from operations of \$555,042 and cash provided from changes in non-cash working capital balances of \$90,763.

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

Cash from (used in) Investing Activities:

During the three and nine months ended December 31, 2019 and December 31, 2018, cash flows from investing activities were all \$nil.

Cash Flow from (used in) Financing Activities:

During the three and nine months ended December 31, 2019 and December 31, 2018, cash flows from financing activities were all \$nil.

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.

As detailed under section 2. Recent Developments, there is uncertainty regarding the Company efforts to reach a commercial settlement with the Claimant. 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.

4. TRANSACTIONS WITH RELATED PARTIES

There were no related party transactions incurred by the Company during each of the three and nine months ended December 31, 2019 and three and nine months ended December 31, 2018.

5. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The summary of new standards, amendments to standards and interpretations not yet effective for the periods ended December 31, 2019, which have not been applied in preparing the consolidated financial statements, are the same as those disclosed in the MD&A for the year ended March 31, 2019.

Readers are encouraged to read the section entitled "Recent Accounting Pronouncements Not Yet Adopted" in the Company's Fiscal 2019 Management's Discussion and Analysis for more information.

**NEXIA HEALTH TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019**

6. RISKS AND UNCERTAINTIES

See "Cautionary Note Regarding Forward-Looking Statements".

Readers are encouraged to read the section entitled "Risks and Uncertainties" in the Company's Fiscal 2019 Management's Discussion and Analysis for a discussion of the factors that could affect the Company's future performance.

7. 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.

As fully described in Section 2 Recent Developments under Legal Dispute with Vendor, the Company is party to a legal dispute with a former software developer vendor.

8. DISCLOSURE OF OUTSTANDING SHARE DATA

The Company had 94,758,915 common shares outstanding as at December 31, 2019, which did not change from March 31, 2019.

9. ADDITIONAL INFORMATION

Additional information on the Company can be found at www.sedar.com under Nexia Health Technologies Inc.

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

Proceeding commenced at TORONTO

**AFFIDAVIT OF NICK CLEMENZI
(SWORN APRIL 9, 2020)**

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Lawyers for Nexia Health Technologies Inc.

Court File No.: 31-2631254

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

THE HONOURABLE

)

FRIDAY, THE 17TH

)

JUSTICE

)

DAY OF APRIL, 2020

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

**ORDER
(EXTENSION OF TIME TO FILE PROPOSAL)**

THIS MOTION made by Nexia Health Technologies Inc. (“Nexia”) for an Order extending the time to file a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”), was heard this day by teleconference by reason of the COVID-19 state of emergency.

ON READING the notice of motion of Nexia, the affidavit of Nick Clemenzi sworn April 9, 2020 and the exhibits thereto, the First Report of A. Farber & Partners Inc. in its capacity as the proposal trustee for Nexia, and on hearing the submissions of counsel for Nexia, no one else appearing although duly served as appears from the affidavit of service of Catherine Ma sworn ●,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF TIME TO FILE PROPOSAL

2. **THIS COURT ORDERS** that, pursuant to section 50.4(9) of the BIA, the time within which Nexia is to file a proposal with the Official Receiver be and is hereby extended to June 1, 2020.

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

Proceeding commenced at Toronto

**ORDER
(EXTENSION TO FILE PROPOSAL)**

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

Proceeding commenced at TORONTO

**MOTION RECORD OF THE PROPOSAL TRUSTEE
(Extension of Time to File Proposal)
(returnable April 17, 2020)**

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