

EVITRADE HEALTH SYSTEMS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

FORM 51-102F1

DATE AND SUBJECT OF REPORT

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of EVITRADE Health Systems Corp. [formerly, Auxellence Health Corporation] (hereinafter "Evitrade" or the "Company") for the three months ended September 30, 2017.

The MD&A should be read in conjunction with the September 30, 2017 unaudited interim consolidated financial statements. This MD&A has been prepared effective November 24, 2017.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Evitrade Health Systems Corp. The Company reports its financial results in Canadian dollars and in accordance with *IAS 34 – Interim Financial Reporting* as issued by the International Accounting Standards Board. All reported interim financial information includes the financial results of Evitrade and its subsidiaries.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

TRENDS

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

GENERAL BUSINESS AND DEVELOPMENT

The Company continues to focus on developing consumer health technology to provide high-level online personal health devices and solutions to customers of OTC (Over-The-Counter) consumer health products and services. The Company is currently reassessing its development of an innovative “thera”peutic and diag“nositic” (theranostic) device along with an interactive expert-system and recommender “PRESCRIPTOR” engine to provide a personalized system of diagnostic procedures and assessment for unique health “solutions” customized to consumers.

The Company is still in the research and development phase and has not begun commercialization.

The Company’s financial success is dependent upon the extent to which it can develop its business objectives and the economic viability of commercializing any technologies or newly identified business opportunities.

Business Chronology

On May 21, 2013, the Company signed a definitive agreement with C&C for the amalgamation of its wholly-owned subsidiary 0924888BC with C&C that resulted in C&C acquiring the Company in a reverse take-over and C&C continuing its business as a wholly-owned subsidiary.

In early 2016, the Company resolved a default notice from Decanex, Inc. regarding its General Service Agreement (GSA) and arranged a \$1.05 million secured credit facility with Sydney Au, CEO and director of the Company in order to continue to meet contractual obligations under the GSA.

In June 2016, the Company announced a clinical study and a sponsored research study using its TULIP™ system. The Company has no material updates for the study and ongoing research.

In August and September 2016, the Company announced it signed a Memorandum of Understanding (MOU) for sales and distribution in China and added two advisory board members. To date, other than testing of the system, no other development or progress has been made towards sales and distribution in China.

In September 2016, the Company announced a rebranding which resulted in a name change, share consolidation of 15 to 1, along with up to \$1 million in financing, and divestiture of its existing assets through a new plan of arrangement.

In October 2016, the Company began testing the TULIP™ system in Asia and received a purchase order for 500 test units. The order was not fulfilled, and no testing has begun in Asia to date.

In March 2017, the Company filed in court for a 2017 Plan of Arrangement (2017-POA) and subsequently received court approval for the divestiture of C&C Cosmeceuticals Corporation ("C&C") and four newly incorporated subsidiaries to facilitate contemplated transactions under the 2017-POA.

On April 28, 2017, C&C acquired 2554191 Ontario, Inc. ("255ON") through a share exchange with the Company. 255ON was subsequently disposed of through the May 24, 2017 spin-out of C&C. (see Acquisitions and Dispositions)

On May 24, 2017, the Company completed the C&C spin-out transaction through a preferred share conversion and resulting dividend shares in C&C to existing Company shareholders under the 2017-POA. C&C transferred all of its TULIP™ related IP development to the Company in conjunction with the spinout.

C&C and its wholly-owned subsidiary 255ON are treated as discontinued operations since the May 24, 2017 spin-out.

PLANS OF ARRANGEMENT

2014 Plan of Arrangement

The Company has two former subsidiaries with outstanding Series A preferred share conversions and pushout for common shares under the 2014 court approved Plan of Arrangement (2014-POA) as of the date of this statement.

Each transaction represents \$1,000 fair value in convertible preferred shares, and related letters of intent for businesses in each former subsidiary company. \$506,537 has been recorded as share reserve with offsetting common share capital for pending shares conversions under the 2014-POA. The Company has \$2,000 (2016: \$2,000) in remaining deposits related to the spin-outs under the 2014-POA as of September 30, 2017.

There are no contemplated or in-progress transactions for the remaining two spin-outs under the 2014-POA as of the date of this MD&A.

2017 Plan of Arrangement

In March 2017, the Company filed and received court approval for its 2017 Plan of Arrangement (“2017-POA”) for the planned spinout of C&C Cosmeceuticals Corp. (“C&C”) and four newly formed subsidiary corporations to facilitate other contemplated spin-out transactions.

On May 24, 2017, the Company completed the C&C spin-out transaction through a preferred share conversion and resulting dividend shares in C&C to existing Company shareholders under the 2017-POA. C&C transferred all of its TULIP™ related IP development to the Company in conjunction with the spinout.

There are no further contemplated or in-progress transactions for the remaining four spin-outs under the 2017-POA as of the date of this MD&A.

RESULTS OF OPERATIONS

SELECTED QUARTERLY INFORMATION

Three months ended September 30, 2017 (Q1)

For the three months ended September 30, 2017 (2018), the Company had net comprehensive loss of \$(68,185) compared to \$(20,273) for Q1 of 2017. The increased loss of \$47,912 for Q1 of fiscal 2018 as compared to 2017 was the result of:

- (a) Decrease in consulting fees from \$5,000 in 2017 to \$Nil in 2018;
- (b) Finance charges increased from \$Nil in Q1-2017 to \$35,027 in 2018, with all finances charges accrued at year-end in 2017 (otherwise comparable);
- (c) Travel decreased from \$3,239 in Q1-2017 to \$663 in Q1-2018;
- (d) Listing fees increased to \$3,650 in Q1-2018 from \$1,325 in Q1-2017;
- (e) Management fees increased by \$22,500 in Q1-2018 from \$Nil in 2017, with all finances charges accrued at year-end in 2017 (otherwise comparable);
- (f) Gain on marketable securities (OCI) was \$3,565 in 2018 compared to \$Nil in 2017;
- (g) Gain on foreign exchange (OCI) increased to \$9,410 in 2018 from \$Nil in 2017; and
- (h) Other general changes to operating expenses.

Prior Year Quarterly Results:

Q4 – June 30, 2017

Continued Operations

For the three months ended June 30, 2017 (Q4), the Company had loss and comprehensive loss from continued operations of \$(25,805,871) compared to \$(337,809) for Q4 of fiscal 2016,

representing an increased loss of \$25,468,062 with specific changes to expenses and other items below.

Operating Expenses

Expenses were \$350,550 in Q4 of 2017 compared to \$275,928 in 2016 with specific changes as follows:

- i) share-based compensation decreased by \$12,687;
- ii) finance charges increased by \$71,250;
- iii) management fees increased by \$90,000;
- iv) listing expenses increased by \$11,486;
- v) consulting fees increased by \$27,120;
- vi) rent increased by \$11,966;
- vii) professional fees decreased by \$12,687;
- viii) decreased transfer agent and filing fees of \$17,956; and
- ix) other general changes to operating expenses.

Other Items

Other items were \$(25,455,321) for Q4 of fiscal 2017 as compared to \$(61,881) Q4 of fiscal 2016, representing increased net expenses from other items of \$25,393,440 with specific changes as follows:

- i) other income decreased by \$30,250 to \$9,524 in 2017;
- ii) impairment of intangible assets increased by \$16,810,748 from \$Nil in 2016;
- iii) debt financing charges decreased by \$150,000 to \$Nil in 2017;
- iv) loss on sale of debt increased by \$974,997 from \$Nil in 2016;
- v) gain on derecognition of subsidiary increased \$284,900 from \$Nil in 2016; and
- vi) write down of investment increased \$7,964,000 from \$Nil in 2016.

Discontinued Operations

All results and changes for discontinued operations for Q4 2017 are as described above under Annual Results with no other comparable prior period results.

Q3 – March 31, 2017

For the three months ended March 31, 2017 (Q3), the Company had net loss and total comprehensive loss of \$(827,882) compared to net income and comprehensive income of \$22,872 for Q3 of fiscal 2016. The increased expenses of \$(824,754) and resulting difference in loss for Q3 of fiscal 2017 as compared to income in Q3 of fiscal 2016 was the result of:

- i) broker services expense of \$730,000 compared to \$Nil for 2016;
- ii) listing and transfer agent expenses increasing by \$4,700 from \$2,000 in 2016;
- iii) business fees and licensing expenses increased by \$1,600 from \$Nil in 2016;
- iv) consulting fees increasing \$89,148 compared to \$Nil in 2016;
- v) professional fees of \$Nil in 2017 compared to 1,000 in 2016;
- vi) non-recurring other income of \$26,000 in 2016 compared to \$Nil in 2017; and

- vii) other general changes in expenses.

Q2 – December 31, 2016

For the three months ended December 31, 2017 (Q2), the Company had net loss and comprehensive loss of \$(19,744) compared to \$(31,112) for Q2 of fiscal 2016. The decreased loss of \$11,368 for Q2 of fiscal 2017 as compared to Q2 of fiscal 2016 was the result of:

- i) advertising and promotion expenses increasing by \$2,842 from \$Nil in 2016;
- ii) consulting decreased from \$18,300 in 2016 to \$Nil in 2017;
- iii) listing expenses decreased by \$6,555 to \$500 in 2017;
- iv) transfer agent expenses increasing by \$4,688 from \$Nil in 2016;
- v) other income decreased by \$3,524 to \$Nil in 2017; and
- vi) other general changes to operating expenses.

Q1 – September 30, 2016

For the three months ended September 30, 2016 (Q1), the Company had net loss and comprehensive loss of \$(20,273) compared to \$(14,260) for Q1 of fiscal 2016. The increased loss of \$6,013 for Q1 of fiscal 2017 as compared to Q1 of fiscal 2016 was the result of:

- i) office rent increasing by \$9,733 from \$Nil in 2016;
- ii) consulting expense decreased by \$8,875 to \$2,500 in 2017;
- iii) travel increased by \$2,625 to \$3,239 in 2017;
- iv) transfer agent and listing expenses increasing by \$710 from \$1,694 in 2016;
- v) other income decreased by \$3,524 to \$Nil in 2017; and
- vi) other general changes to operating expenses.

The following table summarized the financial results of operations for the eight most recent fiscal quarters from Q2 of Fiscal 2016 ended December 31, 2015 through Q1 of Fiscal 2018 ended September 30, 2017:

| | September 30, 2017 (Q1) | June 30, 2017 (Q4) | March 31, 2017 (Q3) | December 31, 2016 (Q2) |
|-----------------------------------|------------------------------------|-----------------------|------------------------|---------------------------|
| Revenue | — | — | — | — |
| Other comprehensive income | 12,975 | (25,455,321) | — | — |
| Expenses | (81,160) | (395,563) | (827,882) | (19,744) |
| Loss from continued operations | (68,185) | (25,850,844) | (827,882) | (19,744) |
| Loss from discontinued operations | — | (10,217,509) | — | — |
| Net income (loss) | (68,185) | (36,068,393) | (827,882) | (19,744) |
| Loss per share - basic | (0.00) | (10,217,509) | — | — |
| Loss per share - diluted | (0.00) | (36,068,393) | (827,882) | (19,744) |

| | September 30, 2016 (Q1) \$ | June 30, 2016 (Q4) \$ | March 31, 2016 (Q3) \$ | December 31, 2015 (Q2) \$ |
|---|-------------------------------------|-----------------------------|------------------------------|---------------------------------|
| Revenue | — | — | — | — |
| Other comprehensive income (loss) | — | (94,929) | 26,000 | 3,524 |
| Expenses | (20,273) | (377,846) | (3,128) | 34,636 |
| Income (loss) from continued operations | (20,273) | (322,775) | 22,872 | (31,112) |
| Loss from discontinued operations | — | — | — | — |
| Net income (loss) | (20,273) | (322,775) | 22,872 | (19,744) |
| Income (loss) per share (basic and diluted) | (0.00) | (0.00) | 0.00 | (0.00) |

INCOME TAXES

The Company has accumulated non-capital losses expire as follows (tax attributes are subject to revision and potential adjustment by tax authorities):

| YEAR | \$ |
|------|------------|
| 2032 | 305,534 |
| 2033 | 798,008 |
| 2034 | 1,040,896 |
| 2035 | 1,530,647 |
| 2036 | 345,275 |
| 2037 | 36,936,292 |
| 2038 | 68,185 |

A reconciliation of income taxes at statutory rates is as follows:

| | September 30, 2017 \$ | September 30, 2016 \$ |
|--|--------------------------------|--------------------------------|
| Loss before income taxes | (81,160) | (20,273) |
| Expected income tax (recovery) at 26% | (21,102) | (5,271) |
| Tax effects of: | | |
| Non-deductible expenses and other deductions | 3,374 | — |
| Prior period adjustment | — | — |
| Change in valuation allowance | 17,728 | 5,271 |
| Deferred income tax recovery | — | — |

The significant components of the Company's deferred income tax assets are as follows:

| | September 30, 2017 | June 30, 2017 |
|---------------------------------------|-----------------------|------------------|
| Substantively enacted tax rate | 26% | 26% |
| Deferred income tax assets: | | |
| Non-capital losses | 11,120,493 | 11,102,765 |
| Eligible capital expenditures | 236,991 | 236,991 |
| Deferred development costs | — | — |
| Valuation allowance | (11,357,484) | (11,339,756) |
| Net deferred income tax assets | — | — |

Estimated taxable income for the period is \$Nil. Deferred tax assets have not been recognized because it is not probable that future taxable income will be available against which the Company can utilize the benefits from the deductible temporary differences and unused tax losses.

LIQUIDITY

- (a) The Company is a health technology company in the research and development stage and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, its ability to conduct operations, including the development of its website and customization of health technologies and the evaluation and acquisition of additional health technologies, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Company will be able to do so.

The Company is currently in a mutual "stand-still" and working with Decanex to renegotiate and/or settle all of its obligations and services under the GSA, convertible debt, accrued services fees owing, and all future IP development for the TULIP™.

- (b) Other than as set forth herein, there are no expected fluctuations in the Company's liquidity, taking into account demands, commitments, events or uncertainties.
- (c) The Company does not currently have any liquidity risks associated with financial instruments.
- (d) The Company is expected to have continuing working capital deficiencies if it does not secure new equity and/or debt financing. The Company expects to meet its liquidity needs through additional equity or debt financing(s).
- (e) There are no balance sheet conditions, income, or cash flow items that may affect the Company's liquidity.

- (f) There are currently no defaults or arrears by the Company on:
 - (i) dividend payments, lease payments, interest or principal payments on debt;
 - (ii) debt covenants; or
 - (iii) redemption or retraction or sinking fund payments.
- (g) As at September 30, 2017, the Company had a working capital deficit of \$3,506,411 (June 30, 2017: \$3,438,226).
- (h) Eighteen-month convertible debt (dated February 19, 2016): Consists of \$826,210 of convertible debt, fully accreted as of August 19, 2017, issued to Decanex, Inc. that is controlled by a major shareholder of the Company, has a term of 18 months, bears interest at 10% per annum compounded annually, and has a conversion feature of \$0.75 per common share. On August 19, 2017, Decanex did not converted its debt as scheduled, nor as of September 30, 2017 and subsequent period.

As of November 24, 2017, the \$827,681 of convertible debt to Decanex, Inc. has not been converted as schedule on August 19, 2017. The Company is currently renegotiating all of its obligations with Decanex, including overdue service payments, the GSA, and conversion of this debt. 1,103,575 common shares are reserved for issuance under this note conversion.

- (i) On June 30, 2016, the Company issued \$674,697 of convertible debt, with an accreted value of \$670,860 as at September 30, 2017, as settlement of demand loans payable to Sydney Au, CEO and director, that has a term of 18 months, bears interest at 10% per annum compounded annually, and has a conversion feature of \$0.75 per common share. Mr. Au may, within the specified time, convert his debt at his discretion.

Total interest payable on the convertible debt as of September 30, 2017 is \$211,187 (2017: \$182,470) with \$6,309 of accreted value recorded for the three months ended September 30, 2017.

WORKING CAPITAL AND RESOURCES

The Company continues to have minimal capital resources with no known trends or expected fluctuations in the Company's capital resources, including expected changes in the mix and relative cost of such resources.

Management estimates that the Company will requires a minimum of \$2.5 million (\$1.25 million per year) in additional capital in order to continue commercial development of TULIP™ related intellectual assets, along with planned studies over the next two fiscal years. As of November 24, 2017, and since June 30, 2017, all Company development of the TULIP and related IP is on temporary

hold and continues to have insufficient capital to restart development, if feasible. (see Impairment of Intangible Assets)

There can be no assurance that the Company will be able to obtain the necessary working capital through direct investment or debt financing at acceptable terms in order to restart commercial development of its intellectual properties.

FINANCIAL INSTRUMENT AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk, and currency risk. Where material, these risks are reviewed and monitored by management and the Board of Directors and appropriate action taken to minimize such risks where possible.

OFF BALANCE SHEET ARRANGEMENTS

As at September 30, 2017, the Company had no off-balance sheet arrangements, nor to date of filing this MD&A.

PROPOSED TRANSACTIONS

While the Company continues to seek valuable opportunities to complete remaining spin-outs under its court approved 2014 and 2017 Plans of Arrangements, there are no contemplated or identified opportunities as of November 24, 2017.

RELATED PARTY TRANSACTIONS

Related Party Transactions

During the three months ended September 30, 2017, the following related party transactions occurred:

- (a) Management fees of \$22,500 were expensed or accrued for the three months ended September 30, 2017 (2017: \$Nil) for Sydney Au, CEO and Director. Total accrued management fees payable to Mr. Au are \$112,500 (2017: \$90,000).
- (b) Sydney Au, CEO and Director, loaned the Company \$3,350 and was repaid for demand loans of \$64,260 and is owed \$1,021 for reimbursement of expenses.
- (c) The Company has accrued liabilities of \$224,169 (2017: \$199,169) owing to Decanex, Inc. regarding service payments due under the GSA totaling \$199,169 plus a \$25,000 advance returned. No fees have been accrued under the GSA for the three months ended September 30, 2017 as the Company continues through renegotiating all agreements with Decanex.

These above transactions are in the normal course of operations and are measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

SHARE CAPITAL TRANSACTIONS

There were no share capital transactions for the three months ended September 30, 2017 with convertible debt held by Decanex, Inc. not being converted as scheduled on August 19, 2017, as noted above. 1,103,575 common shares are reserved for issuance under this note conversion.

OUTSTANDING SHARE DATA

Common Shares

Authorized: *Unlimited, without par value*

Issued and outstanding:

As at September 30, 2017: 15,386,932 (June 30, 2017: 15,386,932), excluding 3,333 common shares bought into treasury.

As at November 24, 2017: 15,386,932

Reserved for issuance:

As at September 30, 2017: 4,206,529

As of November 24, 2017: 4,206,529

Share purchase warrants:

As of September 30, 2017, the following warrants were outstanding and exercisable:

| | | | | <i>Number of</i> |
|---------------------------|-----------------------|--------------------|--|----------------------|
| | | | | <i>Common Shares</i> |
| <i>Number of Warrants</i> | | | | <i>Issuable</i> |
| <i>Outstanding</i> | <i>Exercise Price</i> | <i>Expiry Date</i> | | |
| 551,000 | \$ 1.50 | August 29, 2019 | | 551,000 |
| 530,773 | \$ 1.50 | September 1, 2019 | | 530,773 |
| 86,667 | \$ 1.50 | March 16, 2021 | | 86,667 |
| 133,333 | \$ 1.50 | April 7, 2021 | | 133,333 |
| 1,301,773 | | | | 1,608,440 |

A summary of the Company's issued and outstanding warrants as at September 30, 2017, June 30, 2016, and 2015 and changes during those periods is presented below:

| Warrants | Weighted |
|----------|----------|
|----------|----------|

| | Outstanding | Average Exercise Price |
|-----------------------------|-------------|---------------------------|
| Balance, June 30, 2015 | 1,533,440 | 1.50 |
| Granted | 220,000 | 1.50 |
| Exercised | (45,000) | (1.50) |
| Balance, June 30, 2016 | 1,708,440 | 1.50 |
| Granted | — | — |
| Exercised | (100,000) | 1.50 |
| Balance, June 30, 2017 | 1,608,440 | 1.50 |
| Expired | (306,667) | (1.50) |
| Balance, September 30, 2017 | 1,301,773 | 1.50 |

Share Options:

The Company has adopted an incentive share option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares.

Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

A summary of the status of the Company's stock options as at September 30, 2017, June 30, 2017, and 2016 and changes during those periods is presented below:

| | Options Outstanding | Weighted Average Exercise Price (\$) |
|-----------------------------|------------------------|---|
| Balance, June 30, 2016 | 133,334 | \$ 1.95 |
| Cancelled | (133,334) | (\$ 1.95) |
| Balance, June 30, 2017 | — | — |
| Balance, September 30, 2017 | — | — |

All previously issued options were cancelled in fiscal 2017. As of September 30, 2017, there were no stock options outstanding.

Redeemable Preferred Shares

Authorized - unlimited redeemable Class A preferred shares, without par value

Issued and outstanding:

| | September 30, 2017 | | June 30, 2017 | |
|-------------------------------|--------------------|--------------|-------------------|--------------|
| | Shares | Amount, \$ | Shares | Amount, \$ |
| Preferred shares, Class A | | | | |
| Opening balance | 52,349,902 | 6,000 | 21,188,842 | 2,000 |
| Issued – Plans of Arrangement | — | — | 38,951,325 | 5,000 |
| Redeemed | — | — | (7,790,265) | (1,000) |
| Closing balance | 52,349,902 | 6,000 | 52,349,902 | 6,000 |

The redeemable Class A preferred shares, have an average redemption price of \$0.000115 each for a total value of \$6,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the Plans of Arrangement. As at September 30, 2017, a total of 52,349,902; \$6,000 value (June 30, 2017: 52,349,902; \$6,000 value) convertible Series A preferred shares were outstanding and will be redeemed once spin-out transactions are completed under the 2014 and 2017 Plans of Arrangement.

SUBSEQUENT EVENTS

Loan Security

On October 12, 2017, the Company's general security agreement with 2554191 Ontario, Inc. was terminated as mutually agreed in conjunction with May 2015 debt forgiveness and exchange agreements.

Debt Conversion

As of November 24, 2017, the \$826,210 of convertible debt owing to Decanex, Inc. has not been converted as scheduled on August 19, 2017. The Company is currently renegotiating all of its obligations with Decanex, including overdue service payments, the GSA, and conversion of this debt. 1,103,575 common shares are reserved for issuance under this note conversion.

*** End of Subsequent Events ***

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

This Management Discussion and Analysis and related disclosures are prepared in accordance and compliance with *IAS 34 - Interim Financial Reporting* along with other International Accounting Standards (IAS) as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Refer to the Company's September 30, 2017 interim consolidated financial statements for details of the significant accounting policies and estimates adopted by the Company.

RISKS AND UNCERTAINTIES

Health Technology Industry

The health technology industry involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the development of a technology may result in substantial rewards, marketing will also play a significant role in developing the company and its level of success. Major expenses may be required to establish the technology to be accepted in the marketplace. It is impossible to ensure that the current technologies and market strategy planned by the Company will result in profitable commercial sales. Whether the company will be commercially viable depends on a number of factors, some of which are the particular attributes of the industry the technology is geared toward and the existing infrastructure, as well as competitors' strategies and market factors. Some of these are cyclical and government regulations, including regulations relating to medical devices and consumer health products.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Health technology operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the health industry and the high technology industry. Although adequate precautions to minimize risk will be taken, operations are subject to hazards that are unforeseeable or beyond the company's control and their consequent liability.

Some of these risks include, but not limited to, the following:

- (i) Upon commercialization, the Company will be largely dependent on marketing and sales of its products and services through its website(s). No website(s) have been launched, and there are no assurances that any Company products and services that reach commercialization stage, if any, can be successfully marketed and sold online.
- (ii) The Company currently has only limited test products for sale, has not reached commercialization, and cannot guarantee that it will ever have marketable products or services.
- (iii) The Company plans to launch a full commercial website(s) once it has obtained commercial viability, including sufficient distribution for its OTC health products and services.
- (iv) Risks in design, development and manufacturing of consumer health products that may have an adverse effect on a person's health.

- (v) If a significant portion of the Company's development efforts are not successfully completed, required regulatory approvals are not obtained and maintained (such as ISO certifications), or any approved products are not commercially successful, the Company's business, financial condition, and results of operations may be materially and irreparably harmed.
- (vi) The Company's products and services are in the development stage and may never achieve market acceptance, regardless of the Company obtaining regulatory approvals for distribution.
- (vii) The Company's product and services development activities are directed towards the skincare (acne) and weight management sectors of the consumer health industry. There is no certainty that any past investment or future expenditures made by the Company as described herein will result in commercialization or market acceptance of the its product or service offerings. There is aggressive competition within the skincare health (acne) and weight management marketplace. The Company will compete with other interests, many of which have greater financial resources than it may have for marketing towards target consumers. Significant capital investment is required to achieve commercialization, if ever, from the current development stage of the Company. (see Working Capital and Resources)

Government Regulation

The consumer health products industry is subject to various federal, and provincial laws and regulations on, standards, claims, safety, efficacy and other matters. Regulatory approvals by government agencies on the Company's products may be withheld or not granted at all and if granted may be subject to recalls which would materially affect the Company.

Although the Company's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development, production, manufacture, product claims, marketing or commercialization. Amendments to current laws and regulations governing operations and activities of the consumer health industry or more stringent implementation thereof could have a substantial adverse impact on the Company.

The Company is dependent on its service provider, Decanex, Inc., to maintain ISO certifications and rules and regulations pertaining to the TULIP™ device and related intangible properties. There can be no assurance that Decanex will be able to maintain ISO certifications and/or adhere to all rules and regulations that would materially impact the Company.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the Company heavily relies on the company officers.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors and/or officers to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, directors involved in potential conflicts will declare, and refrain from voting on the conflicted matter.

Negative Operating Cash Flows

As the Company is in early development stages, it will continue to have negative operating cash flows without the development of revenue streams from its business. Positive operating cash flows require the Company to sufficiently develop its products and services for commercialization.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. The Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel, Service Provider, and Advisors

The Company relies heavily on its officers, its service provider, and business advisors. The loss of their services may have a material adverse effect on the business and going concern of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the medical community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer and health practitioner's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's products and services will be accepted and recommended.

Competition, Technological Obsolescence

The consumer health products industry for skincare and weight management is competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services and product offerings to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company must continue to make significant investments in order to develop its products and services, increase marketing efforts, improve its operations, conduct research and development, and update equipment. As a result, development stage operating losses are expected to continue, and such losses may be greater than anticipated, which could have a significant effect on both the short-term and long-term viability of the Company.

Reliance on Joint Ventures, License Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, research partners, medical facilities, and medical equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that these parties the Company needs to deal with will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations, and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Regulatory Risks

Health technologies used by the Company are subject to a number of technological challenges and requirements, and can be subject to the regulations and standards imposed by applicable regulatory agencies. There can be no assurance that the Company will be able to comply with all regulations concerning its businesses, including those required of its service provider Decanex, Inc.

Potential Liability

The Company is subject to the risk of potential liability claims with respect to its diagnostic and therapeutic solutions. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the three months ended September 30, 2017, there has been no significant changes in the Company's internal controls over financial reporting since the prior year ended June 30, 2017.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's consolidated financial statements for this filing (together the "Filings").

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim or Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

OFFICERS AND DIRECTORS

| | |
|--------------|---------------------------|
| Sydney Au | President, CEO & Director |
| Faisal Manji | CFO & Director |
| Ron Ozols | Director (Independent) |
| C.K. Cheung | Director (Independent) |

CONTACT

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