

# IMAGING DYNAMICS COMPANY LTD.

## FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2024



**Your Global Medical Imaging Technology Provider**

## Independent Auditor's Report

To: The Shareholders of **Imaging Dynamics Company Ltd.**

### Opinion

We have audited the consolidated financial statements of Imaging Dynamics Company Ltd. and its subsidiaries (collectively, the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023 and the consolidated statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which indicates that at December 31, 2024 the Company had current liabilities in excess of current assets of \$5,366,920 and an accumulated deficit of \$117,078,875. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and not otherwise addressed in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our auditor's report.

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Independent Auditor's Report (continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this Independent Auditor's report is Roland A. Bishop, CPA, CA.



Chartered Professional Accountants

April 24, 2025  
Calgary, Alberta

**Imaging Dynamics Company Ltd.**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars)

| As at the years ended December 31,                    |         | 2024               | 2023               |
|---|---------|--------------------|--------------------|
|   | Note *  |                    |                    |
| <b>Assets</b>   |         |                    |                    |
| Current   |         |                    |                    |
| Cash  |         | \$ 110,470         | \$ 118,567         |
| Trade and other receivables                           | 5       | 5,735              | 30,996             |
| Inventory   | 6       | 24,578             | 20,137             |
| Prepaid expenses and other                            |         | 17,890             | 17,890             |
|   |         | <b>158,673</b>     | <b>187,590</b>     |
| Non-current assets                                    |         |                    |                    |
| Property and equipment                                | 7       | 107,254            | 174,073            |
| <b>Total Assets</b>                                   |         | <b>\$ 265,927</b>  | <b>\$ 361,663</b>  |
| <b>Liabilities</b>                                    |         |                    |                    |
| Current   |         |                    |                    |
| Trade and other payables                              | 9 & 19  | \$ 752,102         | \$ 505,658         |
| Customer deposits                                     |         | 26,389             | 30,158             |
| Current portion of lease liability                    | 8       | 81,333             | 76,533             |
| Short term loans                                      | 10 & 16 | 4,649,307          | 3,428,746          |
| Warranty provision                                    |         | 16,462             | 24,769             |
|   |         | <b>5,525,593</b>   | <b>4,065,864</b>   |
| Long-term liabilities                                 |         |                    |                    |
| Lease liability                                       | 8       | -                  | 81,333             |
| <b>Total Liabilities</b>                              |         | <b>5,525,593</b>   | <b>4,147,197</b>   |
| <b>Shareholders' deficiency</b>                       |         |                    |                    |
| Share capital   | 11      | 96,509,279         | 96,509,279         |
| Contributed surplus                                   | 13      | 15,309,930         | 15,309,930         |
| Deficit   |         | (117,078,875)      | (115,604,743)      |
| <b>Total Shareholders' deficiency</b>                 |         | <b>(5,259,666)</b> | <b>(3,785,534)</b> |
| <b>Total Liabilities and Shareholders' deficiency</b> |         | <b>\$ 265,927</b>  | <b>\$ 361,663</b>  |
| Going concern   | 2       |                    |                    |

\* the accompanying notes are an integral part of these consolidated financial statements

On behalf of the Board:

“Signed”  
\_\_\_\_\_  
Tim Seung, Director

“Signed”  
\_\_\_\_\_  
Paul Lin, Director

**Imaging Dynamics Company Ltd.**  
**Consolidated Statements of Comprehensive Loss**  
(Expressed in Canadian dollars)

| For the years ended December 31,             | Note*   | <b>2024</b> |                    | 2023 |             |
|--|---------|-------------|--------------------|------|-------------|
| <b>Revenues</b>                              | 20 & 21 | \$          | <b>63,064</b>      | \$   | 103,647     |
| <b>Cost of sales</b>                         |         |             | <b>18,150</b>      |      | 55,553      |
| <b>Gross profit</b>                          |         | \$          | <b>44,914</b>      | \$   | 48,094      |
| <b>Expenses</b>                              |         |             |                    |      |             |
| Sales and marketing                          |         |             | <b>8,376</b>       |      | 7,357       |
| General and administrative                   | 22      |             | <b>883,523</b>     |      | 924,980     |
|  |         |             | <b>891,899</b>     |      | 932,337     |
| <b>Loss before undernoted items</b>          |         |             | <b>(846,985)</b>   |      | (884,243)   |
| Interest expense                             |         |             | <b>237,000</b>     |      | 188,276     |
| Unrealized foreign exchange (gain) loss      |         |             | <b>390,116</b>     |      | (72,291)    |
| Realized foreign exchange loss               |         |             | <b>31</b>          |      | 16,726      |
| <b>Net loss</b>                              |         | \$          | <b>(1,474,132)</b> | \$   | (1,016,954) |
| <b>Net loss per share, basic and diluted</b> | 14      |             | <b>(0.14)</b>      |      | (0.10)      |

\* the accompanying notes are an integral part of these consolidated financial statements

## Imaging Dynamics Company Ltd.

### Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

|                           | Note* | Number of<br>Shares | Share<br>Capital  | Share-<br>based<br>payments<br>reserve | Contributed<br>surplus | Accumulated<br>Other<br>Comprehensive<br>Income | Deficit              | Total<br>Shareholders'<br>Deficiency |
|---------------------------|-------|---------------------|-------------------|--|------------------------|---|----------------------|--------------------------------------|
| Balance December 31 2022  |       | 10,334,550          | 96,509,279        | -                                      | 15,309,930             | -   | (114,587,789)        | (2,768,580)                          |
| Net loss for the year     |       | -                   | -                 | -                                      | -                      | -   | (1,016,954)          | (1,016,954)                          |
| Balance December 31, 2023 |       | 10,334,550          | 96,509,279        | -                                      | 15,309,930             | -   | (115,604,743)        | (3,785,534)                          |
| Net loss for the period   |       | -                   | -                 | -                                      | -                      | -   | (1,474,132)          | (1,474,132)                          |
| Balance December 31, 2024 |       | <b>10,334,550</b>   | <b>96,509,279</b> | -                                      | <b>15,309,930</b>      | -   | <b>(117,078,875)</b> | <b>(5,259,666)</b>                   |

\* the accompanying notes are an integral part of these consolidated financial statements

**Imaging Dynamics Company Ltd.**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)

| For the years ended December 31,                    | Note*   | 2024               | 2023              |
|---|---------|--------------------|-------------------|
| <b>Cash provided by (used in):</b>                  |         |                    |                   |
| <b>Operating activities</b>                         |         |                    |                   |
| Net loss  |         | \$ (1,474,132)     | \$ (1,016,954)    |
| Items not affecting cash:                           |         |                    |                   |
| Depreciation of property and equipment              | 7       | 70,790             | 73,541            |
| Unrealized foreign exchange loss                    |         | 390,116            | (72,291)          |
| Lease accretion expense                             | 8       | 19,160             | 29,990            |
| Warranty expense                                    |         | (8,307)            | (13,202)          |
|   |         | <b>(1,002,373)</b> | <b>(998,916)</b>  |
| Change in non-cash working capital                  | 15      | 263,495            | 160,258           |
| Unrealized foreign exchange loss on working capital |         | (45,883)           | -                 |
| Cash used in operating activities                   |         | <b>(784,761)</b>   | <b>(838,658)</b>  |
| <b>Investing activities</b>                         |         |                    |                   |
| Additions to property and equipment                 | 7       | (3,971)            | (16,194)          |
| Cash used in investing activities                   |         | <b>(3,971)</b>     | <b>(16,194)</b>   |
| <b>Financing activities</b>                         |         |                    |                   |
| Repayment of Canada emergency business account loan |         | -                  | (30,000)          |
| Repayment of premise lease                          | 8       | (95,693)           | (95,693)          |
| Advances from short term loans                      | 10 & 16 | 876,328            | 1,070,747         |
| Cash provided by financing activities               |         | <b>780,635</b>     | <b>945,054</b>    |
| <b>Net (decrease) increase in cash</b>              |         | <b>(8,097)</b>     | <b>90,202</b>     |
| <b>Cash, beginning of period</b>                    |         | <b>118,567</b>     | <b>28,365</b>     |
| <b>Cash, end of period</b>                          |         | <b>\$ 110,470</b>  | <b>\$ 118,567</b> |

\* the accompanying notes are an integral part of these consolidated financial statements

# Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2024 and 2023  
(Expressed in Canadian dollars)

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## 1. Nature of the organization

Imaging Dynamics Company Ltd. (the “Company” or “IDC”) is a public company incorporated under the laws of the Province of Alberta. The Corporation is listed on the TSX Venture Stock Exchange (“TSXV”), trading under the symbol “IDL”. The address of its registered office is #2, 110 Macintosh Blvd, Toronto, Ontario, L4K 4P3. The Company is a medical device company engaged in the sale of medical imaging devices.

These consolidated financial statements consolidate the accounts of the Company and its wholly owned subsidiaries: IDC USA, Inc., IDC Europe Inc. and 1370509 Alberta Inc.

## 2. Going concern

These consolidated financial statements of the Company have been prepared by Management on a going concern basis, which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations. As of December 31, 2024, the Company had current liabilities in excess of current assets of \$5,366,920 (December 31, 2023 – \$3,878,274), and an accumulated deficit at December 31, 2024 of \$117,078,875 (December 31, 2023 – \$115,604,743). The ability of the Company to continue as a going concern will depend on attaining a satisfactory revenue level, the generation of cash from operating activities, and the ability to secure additional new financing arrangements and new capital.

The Company will seek to raise additional capital through equity markets, debt markets or other innovative financing arrangements, including partnership or licensing arrangements that may be available for continued operations. Material uncertainties exist that may cast significant doubt on the Company’s ability to continue as a going concern. Although, in the opinion of management, the use of the going concern assumption is appropriate, there can be no assurance that any steps management is taking will be successful. These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, revenues, expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

## 3. Basis of preparation

### a) Statement of compliance

These consolidated financial statements were authorized for issuance by the Board of Directors on April 24, 2025. The Company prepared these consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and the interpretations of the International Financial Reporting Standards Interpretations Committee (“IFRIC”).

### b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except as discussed in the significant accounting policies as below.

## Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2024 and 2023  
(Expressed in Canadian dollars)

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### 3. Basis of preparation *(continued)*

#### c) Functional and presentation currency

The Company measures the transactions in its entities using the currency of the primary economic environment in which the entity operates (functional currency). These consolidated financial statements are presented in Canadian dollars ("CAD") which is the functional currency of the parent entity. The functional currency of the inactive subsidiaries includes CAD and US dollars.

#### d) Use of estimates, assumptions and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the period reported. Although these estimates are based on management's best knowledge of amounts, events or actions, actual results ultimately may differ from these estimates.

Estimates, assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised as future confirming events occur.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are included in the following notes:

##### (i) Estimates

Leases - Management records right of use asset and lease liability on its office lease under IFRS 16 using an estimated weighted average incremental borrowing rate. The rate impacts the balance of the right of use asset and lease liability in these consolidated financial statements.

Property and equipment – Depreciation and amortization expense and impairment of assets are recorded based on management's estimate of the useful life of the assets, market conditions, and fair value of assets or projected cash flows derived from the use of the assets, which in turn determines the depreciation/amortization rates and asset impairment calculations (Notes 7). By their nature, these estimates are subject to uncertainty and the impact on the consolidated financial statements of future periods could be material. Judgement is used if there are any indicators of impairment.

Warranty provision – Management estimates and recognizes a warranty expense at the time of sale and a provision is recognized. Management reviews historical information of warranty related issues, warranty period provided at time of sale, and warranty received from its vendors in determining the amount of provision that is required to be recognized. These assumptions by their nature are subject to uncertainty and the impact of warranty expense and warranty provision could be material in these consolidated financial statements.

## **Imaging Dynamics Company Ltd.**

Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2024 and 2023  
(Expressed in Canadian dollars)

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### **3. Basis of preparation** *(continued)*

#### d) Use of estimates, assumptions and judgments *(continued)*

##### (i) Estimates *(continued)*

Deferred taxes – Tax interpretations, regulations and legislation are subject to change, and as such, deferred taxes are subject to measurement uncertainty. Deferred taxes are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings and which tax rate is expected to apply when the temporary differences reverse. The Company exercises judgment as to whether it is likely to extend the term of the lease when the option is provided. The Company also utilizes a discounted interest rate in the lease that is readily available or the Company's incremental borrowing rate. The Company also utilizes its best estimate of any costs to dismantle and remove the asset at the end of the lease.

##### (ii) Judgments

Cash generating units ("CGUs") - The Company uses judgment in determining the grouping of assets to identify its CGUs for purposes of testing for impairment of property and equipment. The determination of what constitutes a CGU is subject to management's judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. In assessing the recoverability of the assets, each CGU is compared to the greater of its fair value less costs of disposal and its value in use.

Contingent liability – Management reviews all contingent liabilities and uses its best estimates and judgment based on the facts and information available at its disposal to determine if a provision is necessary to be recorded in these consolidated financial statements. Should those assumptions and judgments not materialize, there could be an impact on these consolidated financial statements.

Power to exercise control, joint control or significant influence – judgment is required in determining whether the Company has the power to exercise control, joint control, or significant influence over another entity. In making this decision, the Company reviews the degree of influence it has to govern the relevant activities of another entity, taking into consideration the Company's equity interest, voting interest, ability to appoint senior management and officer and the Company's exposure to variable returns from the entity.

## **Imaging Dynamics Company Ltd.**

Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### **4. Summary of material accounting policies**

The accounting policies set out below have been applied consistently by the Company and its subsidiaries to all periods presented in these consolidated financial statements.

#### **a) Basis of consolidation**

##### **(i) Subsidiaries:**

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases or is determined to be held for sale.

##### **(ii) Transactions eliminated on consolidation:**

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing these consolidated financial statements.

#### **b) Cash and cash equivalents**

Cash and cash equivalents consist of amounts on deposit with banks, term deposits and other similar short-term highly liquid investments with maturities of 90 days or less at the date of issuance.

#### **c) Inventory**

Inventory consists of purchased components and finished goods and is stated at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis. Cost of sales represents movement in inventory for the year.

#### **d) Property and equipment**

All property and equipment have been recorded at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Costs associated with equipment upgrades that result in increased capabilities or performance enhancements of property and equipment are capitalized if it is probable that the future economic benefits embodied within the expenditure or asset will flow to the Company, and its cost can be measured reliably.

The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing incurred to repair or maintain property and equipment are expensed as incurred.

When parts of an asset classified within property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation is recognized in the consolidated statements of comprehensive loss and is calculated over the depreciable amount, which is the cost of an asset less its estimated residual value. Residual values and useful lives, where applicable, are reviewed annually against prevailing market values for equivalently aged assets and amortization rates are adjusted accordingly on a prospective basis.

## Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2024 and 2023  
(Expressed in Canadian dollars)

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### 4. Summary of material accounting policies (continued)

#### d) Property and equipment (continued)

Depreciation is charged so as to write-off the cost of these assets less residual value over their estimated useful economic lives, for the following classes of assets:

|                                       |                       |
|---------------------------------------|-----------------------|
| Technical, lab and computer equipment | 30% declining balance |
| Office equipment                      | 20% declining balance |

#### e) Financial Instruments

##### Financial Assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

## Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2024 and 2023  
(Expressed in Canadian dollars)

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### 4. Summary of material accounting policies *(continued)*

#### e) Financial Instruments *(continued)*

Financial assets at amortized cost include cash, and trade and other receivables.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purchase of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through comprehensive income, as described above, debt instruments may be also designated at fair value through profit or loss in initial recognition if doing so eliminates or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive loss.

Impairment of financial assets

The Company recognized an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next the 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For those credit exposures that are considered credit impaired, with interest income recognized on the balance net of allowance.

At each reporting date, the Company assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effect, including historical and forward-looking information.

## Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2024 and 2023  
(Expressed in Canadian dollars)

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### 4. Summary of material accounting policies *(continued)*

#### e) Financial Instruments *(continued)*

The Company considered a financial asset in default when contractual payments are 91 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL or other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initial at fair value net of directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate ("EIR"). Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statements of comprehensive loss.

The Company classifies its trade and other payables, short term loans, and lease liability as other financial liabilities.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts recognized in profit or loss.

#### f) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. Judgement is required in establishing whether there are indicators of impairment related to these assets such as changes in market price, the extent or manner in which it is being used or in its physical condition, operations and business environment.

If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the Company's assets. If this is the case, the individual assets are grouped together into cash generating units ("CGU") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use being the present value of the expected future cash flows of the relevant asset or CGU.

## Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
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### 4. Summary of material accounting policies *(continued)*

#### f) Impairment of non-financial assets *(continued)*

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount to its recoverable amount (i.e. the higher of fair value less cost to sell and value in use). Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

#### g) Provisions

Provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions for estimated expenses related to product warranties are made at the time products are sold. These estimates are established using historical information relating to the nature, frequency and average cost of warranty claims. Claims are assessed at each reporting date and adjustments to estimates are made based on updated historical information.

#### h) Revenue recognition

The Company derives revenue from product sales of its Medical Imaging equipment and FDA certification testing for medical imaging equipment.

Applying the five-step model required by IFRS 15, Revenue from Contracts with Customers, revenue is recognized as follows for these contracts:

*Identify the contract:*

The contractual arrangement executed with the customer will specify the equipment, scope of FDA certification testing, hours incurred for technical support, and the consideration to be received.

*Identify distinct performance obligations:*

The contract may include multiple performance obligations.

*Estimate transaction price:*

The transaction price is based on the observable stand-alone selling price as stated in the contract and is based on a fixed fee. No variable consideration exists.

*Allocate price to performance obligations:*

The transaction price is allocated to each performance obligation as linked to the customer commitment for each obligation under the contract and is based on stand-alone selling prices.

*Recognize revenue as the performance obligations are satisfied:*

Revenue is recognized at a point in time once control of the goods passes to the customer and when all significant contractual obligations have been satisfied, collection is probable and the amount of revenue can be estimated reliably.

## **Imaging Dynamics Company Ltd.**

Notes to the Consolidated Financial Statements  
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### **4. Summary of material accounting policies** *(continued)*

#### **i) Customer deposits**

Deposits that have been paid for by customers but will qualify for recognition within the next twelve months of the statement of financial position date under the Company's policies is reflected in current liabilities. Included in customer deposits are payments received in advance associated with the sale of the Company's products.

Deposits that have been paid for by customers but will not qualify for recognition within the next twelve months of the statement of financial position date under the Company's policies are reflected in non-current liabilities as long-term customer deposits. The Company has no long-term customer deposits at December 31, 2024 or December 31, 2023.

#### **j) Segment reporting**

The Company has sales in two geographic areas within one operating segment consisting of China and the Americas. These regions are organized to manage sales and distribution channels and are currently not maintained or managed as operating regions.

#### **k) Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated statements of comprehensive loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income ("OCI").

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Company recognizes deferred taxes in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## **Imaging Dynamics Company Ltd.**

Notes to the Consolidated Financial Statements  
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### **4. Summary of material accounting policies** *(continued)*

#### **l) Research and development**

Research costs are expensed as incurred. Development costs are deferred if the Company can demonstrate (i) the technical feasibility of completing the product or process, (ii) the intention to complete the project, (iii) the ability to use or sell the product in commercial production, (iv) future economic benefits that the product or process can generate, including the existence of a market for the output of the project, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the product, and (vi) the ability to measure reliably the expenditure attributable to the project during development.

If these criteria are not met, development costs are expensed as incurred. If the costs are deferred, they are amortized over their useful lives on a straight-line basis commencing with commercial production.

#### **m) Foreign currency translation**

##### **(i) Foreign transactions**

Transactions completed in currencies other than the functional currency are reflected in Canadian dollars at the exchange rates prevailing at the time of the transactions. Foreign currency assets and liabilities are translated to Canadian dollars at the period-end exchange rate. Revenue and expenses are translated into Canadian dollars using the average exchange rate for the period. Both realized and unrealized foreign exchange gain or losses resulting from the settlement or translation of foreign currency transactions are included in the consolidated statements of comprehensive loss.

##### **(ii) Foreign operations**

Assets and liabilities of foreign operations are translated into Canadian dollars at the period-end exchange rate. Revenues and expenses of foreign operations are translated to Canadian dollars using the average exchange rate for the period. Foreign exchange differences resulting from converting the subsidiaries' accounts from their functional currencies to the Canadian dollar, are recorded in OCI and are reclassified to the consolidated statements of comprehensive loss when there has been a disposal or partial disposal of the foreign operation.

#### **n) Share-based payments**

The fair value of any stock options granted to directors, officers and employees is recorded as an expense over the vesting period with a corresponding increase recorded to the share-based payments reserve. The fair value of the share-based payments is determined using the Black-Scholes option pricing model and management's assumptions as disclosed in Note 12.

Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in the share-based payments reserve is recorded as an increase to share capital.

#### **o) Per share amounts**

Basic earnings or loss per share are calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding for the period.

## Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
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### 4. Summary of material accounting policies *(continued)*

#### o) Per share amounts *(continued)*

Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as stock options, warrants, convertible debentures and other dilutive instruments granted to employees. In the calculation of diluted per share amounts, outstanding dilutive instruments are assumed to have been converted or exercised on the later of the beginning of the year and the date granted. Earnings is adjusted for interest or accretion, net of tax, related to the convertible debentures. In loss situations, the potentially dilutive securities are excluded as they are anti-dilutive.

#### p) Leases and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A lease liability is initially measured at the present value of the unpaid lease payments using the Company's incremental borrowing rate. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusts for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

## Imaging Dynamics Company Ltd.

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### 4. Summary of material accounting policies (continued)

#### Accounting standards and amendments issued but not yet adopted

The following standard is effective for year-ends starting on or after January 1, 2027 and has not been adopted by the Company:

#### **IFRS 18 Presentation and disclosure in the financial statements (replacement of IAS 1)**

This new standard maintains many of the current requirements for the presentation of financial statements and adds new requirements concerning the statement of profit or loss, management-defined performance measures, and the principles of aggregation and disaggregation of information. The new requirements concerning the statement of income and comprehensive income include requiring entities to classify income and expenses included in the statement of income and comprehensive income in one of five categories (operating, investing, financing, income taxes, discontinued operations), and prescribing that subtotals for operating profit or loss and profit or loss before financing and income taxes are presented. Management is assessing the impact of the standard.

### 5. Trade and other receivables

| As at the years ended December 31, | 2024 |       | 2023 |        |
|------------------------------------|------|-------|------|--------|
| Trade receivables                  | \$   | 5,735 | \$   | 7,724  |
| Other receivables                  |      | -     |      | 23,272 |
|                                    | \$   | 5,735 | \$   | 30,996 |

Allowance for doubtful accounts of \$nil (2023 - \$4,220) has been netted against trade receivables (Note 19).

### 6. Inventory

| As at the years ended December 31,          | 2024 |        | 2023 |        |
|---|------|--------|------|--------|
| Inventory net of allowance for obsolescence | \$   | 24,578 | \$   | 20,137 |
|   | \$   | 24,578 | \$   | 20,137 |

Included in inventory is \$9,565 (2023 - \$3,697) of purchased components and \$15,013 (2023 - \$16,440) of finished goods. During the year ended December 31, 2024, the Company recorded a recovery for inventory obsolescence of \$2,045 (2023 – allowance for \$22,583) in cost of sales.

**Imaging Dynamics Company Ltd.**Notes to the Consolidated Financial Statements  
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**7. Property and equipment**

| <b>Cost</b>                     | <b>Technical, lab<br/>and computer<br/>equipment</b> | <b>Office<br/>equipment</b> | <b>Capitalized<br/>Lease</b> | <b>Total</b>      |
|---------------------------------|--|-----------------------------|------------------------------|-------------------|
| Balance,                        |  |                             |                              |                   |
| December 31, 2022               | \$ 62,915  | \$ 4,700                    | \$ 309,206                   | \$ 376,821        |
| Additions                       | 7,000  | 9,194                       | -                            | 16,194            |
| <b>Balance,</b>                 |  |                             |                              |                   |
| <b>December 31, 2023</b>        | <b>\$ 69,915</b>                                     | <b>\$ 13,894</b>            | <b>\$ 309,206</b>            | <b>\$ 393,015</b> |
| Additions                       | -  | 3,971                       | -                            | 3,971             |
| <b>Balance,</b>                 |  |                             |                              |                   |
| <b>December 31, 2024</b>        | <b>\$ 69,915</b>                                     | <b>\$ 17,865</b>            | <b>\$ 309,206</b>            | <b>\$ 396,986</b> |
| <b>Accumulated depreciation</b> |  |                             |                              |                   |
| Balance,                        |  |                             |                              |                   |
| December 31, 2022               | 21,945   | 754                         | 122,702                      | 145,401           |
| Depreciation                    | 12,291   | 2,354                       | 58,896                       | 73,541            |
| <b>Balance,</b>                 |  |                             |                              |                   |
| <b>December 31, 2023</b>        | <b>\$ 34,236</b>                                     | <b>\$ 3,108</b>             | <b>\$ 181,598</b>            | <b>\$ 218,942</b> |
| Depreciation                    | 8,604  | 3,289                       | 58,897                       | 70,790            |
| <b>Balance,</b>                 |  |                             |                              |                   |
| <b>December 31, 2024</b>        | <b>\$ 42,840</b>                                     | <b>\$ 6,397</b>             | <b>\$ 240,495</b>            | <b>\$ 289,732</b> |
| <b>Net book value as at:</b>    |  |                             |                              |                   |
| December 31, 2023               | \$ 35,679  | \$ 10,786                   | \$ 127,608                   | \$ 174,073        |
| <b>December 31, 2024</b>        | <b>\$ 27,075</b>                                     | <b>\$ 11,468</b>            | <b>\$ 68,711</b>             | <b>\$ 107,254</b> |

**Imaging Dynamics Company Ltd.**  
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**8. Lease**

The Company entered into a 5-year office lease in Ontario on December 14, 2020. The Company used its incremental borrowing rate as the discount rate to determine the value of its five-year office premises lease. The asset value was recorded as \$309,206 and is depreciated on a straight-line basis over the lease term, starting December 14, 2020. The weighted average incremental borrowing rate applied to the lease liabilities was 17.30%.

| <b>Right of use Asset</b>          |  |              |                   |                   |              |
|------------------------------------|--|--------------|-------------------|-------------------|--------------|
| Balance, January 1, 2023           |  | \$           | 186,504           |                   |              |
| Amortization                       |  |              | (58,896)          |                   |              |
| Balance, December 31, 2023         |  | \$           | 127,608           |                   |              |
| Amortization                       |  |              | (58,897)          |                   |              |
| <b>Balance, December 31, 2024</b>  |  | <b>\$</b>    | <b>68,711</b>     |                   |              |
| <b>Lease Liability</b>             |  |              |                   |                   |              |
| Balance, January 1, 2023           |  | \$           | 223,569           |                   |              |
| Interest expense                   |  |              | 29,990            |                   |              |
| Lease payment                      |  |              | (95,693)          |                   |              |
| Balance, December 31, 2023         |  | \$           | 157,866           |                   |              |
| Interest expense                   |  |              | 19,160            |                   |              |
| Lease payment                      |  |              | (95,693)          |                   |              |
| <b>Balance, December 31, 2024</b>  |  | <b>\$</b>    | <b>81,333</b>     |                   |              |
| As at the years ended December 31, |  |              | 2024              | 2023              |              |
| Short term lease liability         |  |              | 81,333            | 76,533            |              |
| Long term lease liability          |  |              | -                 | 81,333            |              |
| Total lease liability              |  | \$           | 81,333            | \$ 157,866        |              |
|                                    |  | Under 1 year | Between 1-2 years | Between 3-5 years | Over 5 years |
| <b>Lease liability</b>             |  | \$ 81,333    | \$ -              | \$ -              | \$ -         |
|                                    |  |              |                   |                   | \$ 81,333    |

**9. Trade and other payables**

| As at the years ended December 31, |           | 2024           |           | 2023           |
|------------------------------------|-----------|----------------|-----------|----------------|
| Trade payables                     | \$        | 110,506        | \$        | 61,898         |
| Interest payable                   |           | 600,509        |           | 339,034        |
| Other payables and accruals        |           | 41,087         |           | 104,726        |
| <b>Trade and other payables</b>    | <b>\$</b> | <b>752,102</b> | <b>\$</b> | <b>505,658</b> |

Included in trade and other payables is \$600,509 (2023 - \$339,034) of accrued interest related to short term promissory notes with entities wholly owned by directors.

## Imaging Dynamics Company Ltd.

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### 10. Short term loans

| As at the years ended December 31,    | 2024                | 2023                |
|---------------------------------------|---------------------|---------------------|
| Promissory notes                      | \$ 4,359,328        | \$ 3,147,041        |
| Loans from directors and shareholders | 289,979             | 281,705             |
| <b>Total short term loans</b>         | <b>\$ 4,649,307</b> | <b>\$ 3,428,746</b> |

The Company received short term loans and promissory notes from directors, shareholder, and other related companies (“Lenders”). Loans from directors and shareholders are not interest bearing and due on demand. Promissory notes bear interest at 6% per annum and are due on demand. During the year ended December 31, 2024, promissory notes of \$650,190 USD (\$876,328 CAD) (2023 – \$794,735 USD (\$1,070,747 CAD)) are received (See note 16). Amounts are translated to Canadian dollars at the year-end exchange rate.

### 11. Share capital

a) Authorized:

An unlimited number of common shares

An unlimited number of non-voting redeemable preferred shares

b) Issued and outstanding:

|                                   | Number of shares  | Amount               |
|-----------------------------------|-------------------|----------------------|
| Balance, December 31, 2022        | 10,334,550        | \$ 96,509,279        |
| Balance, December 31, 2023        | 10,334,550        | \$ 96,509,279        |
| <b>Balance, December 31, 2024</b> | <b>10,334,550</b> | <b>\$ 96,509,279</b> |

### 12. Share-based payments

The Company has established a share-based compensation plan for its directors, officers, employees, consultants and other key personnel (the “Stock Option Plan”). Under the Stock Option Plan, the Company may grant up to 1,000,000 common shares of the Company. The exercise price of each option is determined by the market price of the Company’s stock on the date of the grant and an option’s maximum term is five years and they vest immediately.

There were no stock options granted during the years ended December 31, 2024 and 2023. There is no outstanding Stock Option Plan as at the years ended December 31, 2024 and 2023.

## Imaging Dynamics Company Ltd.

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### 13. Contributed surplus

The following table presents the reconciliation of contributed surplus with respect to warrants and convertible debentures:

| As at the years ended December 31, | 2024 |            | 2023 |            |
|------------------------------------|------|------------|------|------------|
| Balance, beginning of period       | \$   | 15,309,930 | \$   | 15,309,930 |
| Balance, ending of period          | \$   | 15,309,930 | \$   | 15,309,930 |

### 14. Per share amounts

The following table presents the reconciliation between basic and diluted loss per share:

| For the years ended December 31,                     | 2024 |             | 2023 |             |
|--|------|-------------|------|-------------|
| Net loss   | \$   | (1,474,132) | \$   | (1,016,954) |
| Weighted average number of common shares outstanding |      | 10,334,550  |      | 10,334,550  |
| Basic and diluted loss per share                     | \$   | (0.14)      | \$   | (0.10)      |

### 15. Supplementary information

Change in non-cash working capital:

| For the years ended December 31, | 2024 |         | 2023 |          |
|----------------------------------|------|---------|------|----------|
| Trade and other receivables      | \$   | 25,261  | \$   | (24,068) |
| Inventory                        |      | (4,441) |      | (3,324)  |
| Prepaid expenses and other       |      | -       |      | 4,747    |
| Trade and other payables         |      | 246,444 |      | 152,745  |
| Customer deposits                |      | (3,769) |      | 30,158   |
|                                  | \$   | 263,495 | \$   | 160,258  |
| Other information                |      |         |      |          |
| Interest paid                    |      | -       |      | -        |

## Imaging Dynamics Company Ltd.

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### 16. Related party transactions

The following transactions were entered into with related parties during the years ended December 31, 2024 and 2023:

- a) Key management personnel compensation - the Company considers the key management personnel of the Company to be its officers and directors. The compensation included in the consolidated statements of comprehensive loss relating to key management personnel for years ended December 31, 2024 and 2023 was as follows:

| For the years ended December 31, | 2024      | 2023      |
|----------------------------------|-----------|-----------|
| Salaries / compensation          | 31,945    | 37,500    |
| Total for the year               | \$ 31,945 | \$ 37,500 |

As at December 31, 2024, the balance recorded in the trade and other payables regarding the key management personnel compensation were \$1,440 (2023 - \$3,500).

- b) During the year ended December 31, 2024 and 2023, the Company entered into multiple short-term promissory notes with its shareholders, directors and other related associations. The Company have received \$650,190 USD (\$876,328 CAD) (2023 – \$794,735 USD (\$1,070,747 CAD)). These promissory notes bear interest at 6% per annum and are due on demand.

### 17. Income taxes

The provision for income taxes varies from the amount that would be computed by applying the expected tax rate to loss before income taxes. The principal reasons for differences between such "expected" income tax expense and the amount actually recorded are as follows:

|  | 2024           | 2023           |
|--|----------------|----------------|
| Loss before income taxes                   | \$ (1,474,132) | \$ (1,016,954) |
| Statutory income tax rate                  | 26.50%         | 26.50%         |
| Tax expense                                | \$ (390,645)   | \$ (269,493)   |
| Non-deductible expenses and other          | 53,262         | (8,139)        |
| Opening balance adjustments and other      | (10,944)       | 20,832         |
| Change in unrecognized deferred tax assets | \$ 348,327     | \$ 256,800     |
| Income tax provision (recovery)            | \$ -           | \$ -           |

#### **Deferred tax Assets and liabilities**

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

|                        | 2024          | 2023          |
|------------------------|---------------|---------------|
| Property and equipment | \$ 4,198,575  | \$ 4,195,424  |
| Intangible assets      | 186,857       | 186,857       |
| Lease liability        | 3,345         | 8,019         |
| Warranty provision     | 4,362         | 6,564         |
| Inventory allowance    | 17,824        | 18,366        |
| Non-capital losses     | 16,969,957    | 16,678,879    |
| Capital losses         | 1,119,830     | 1,058,314     |
| Total                  | \$ 22,500,750 | \$ 22,152,423 |

## Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
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### 17. Income taxes (continued)

As at December 31, 2024, the company has estimated non-capital losses for Canadian income tax purposes of approximately \$64,037,572 which are available to be applied against future years' taxable income. The benefit of these non-capital losses has not been recognized in the consolidated financial statements.

These non-capital losses will expire as follows:

| Year         | Imaging Dynamics     | 1370509 Alberta Inc. | Total                |
|--------------|----------------------|----------------------|----------------------|
| 2026         | 10,851,546           | -                    | 10,851,546           |
| 2028         | 15,606,352           | -                    | 15,606,352           |
| 2029         | 5,347,015            | -                    | 5,347,015            |
| 2030         | 2,313,197            | -                    | 2,313,197            |
| 2031         | 3,182,591            | -                    | 3,182,591            |
| 2032         | 1,736,015            | -                    | 1,736,015            |
| 2033         | 2,000,511            | -                    | 2,000,511            |
| 2034         | 1,319,825            | -                    | 1,319,825            |
| 2035         | 3,441,829            | -                    | 3,441,829            |
| 2036         | 2,550,606            | -                    | 2,550,606            |
| 2037         | 4,371,833            | -                    | 4,371,833            |
| 2038         | 4,160,116            | -                    | 4,160,116            |
| 2039         | 562,815              | -                    | 562,815              |
| 2040         | 3,379,876            | -                    | 3,379,876            |
| 2041         | 301,509              | -                    | 301,509              |
| 2042         | 751,161              | -                    | 751,161              |
| 2043         | 1,066,593            | -                    | 1,066,593            |
| 2044         | 1,094,182            | -                    | 1,094,182            |
| <b>Total</b> | <b>\$ 64,037,572</b> | <b>-</b>             | <b>\$ 64,037,572</b> |

## Imaging Dynamics Company Ltd.

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### 18. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and sales of its digital imaging products and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' deficiency which consists of the following:

| As at the years ended December 31, | 2024           | 2023           |
|------------------------------------|----------------|----------------|
| Shareholders' deficiency           | (5,259,666)    | (3,785,534)    |
|                                    | \$ (5,259,666) | \$ (3,785,534) |

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. There are no external imposed capital requirements as of December 31, 2024. To maintain or adjust the capital structure, the Company may attempt to issue new equity or issue new debt.

### 19. Financial risk management

The Company is exposed to a variety of financial risks by virtue of its activities, including fair value risk, currency risk, credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is supervised by the Chief Executive Officer under the direction and guidance from the Company's Board of Directors. The Company identifies and evaluates financial risks in close cooperation with other management personnel. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

#### ***Fair value risk***

Fair value of financial instruments:

The carrying amounts of cash, trade and other receivables, trade and other payables, short term loan approximate fair value due to the short-term nature of these instruments.

Any financial assets and financial liabilities measured at fair value (currently there are none) in the consolidated statements of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

## Imaging Dynamics Company Ltd.

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### 19. Financial risk management (continued)

#### Currency risk

The Company operates internationally and is exposed to foreign exchange risk from various currencies, primarily US Dollars and Chinese Yuan (CNY). Foreign exchange risk arises from the purchase and sale transactions as well as financial assets and liabilities denominated in foreign currencies.

A significant change in the currency exchange rates between the Canadian dollars relative to the other currencies could have an effect on the Company's results of operations, financial position or cash flows. Foreign exchange contracts are only entered into for purposes of managing foreign exchange risk and not for speculative purposes. As at December 31, 2024 and 2023, there were no foreign exchange contracts outstanding.

At December 31, 2024, the Company is exposed to currency risk through the following assets and liabilities denominated in other currencies:

|                                     | US Dollars (\$)       | CNY (¥)        |
|-------------------------------------|-----------------------|----------------|
| Cash and equivalents                | \$ 65,687             | ¥ 1,903        |
| Trade accounts and loans receivable | 3,985                 | -              |
| Trade accounts and loans payable    | (32,284)              | -              |
| Short term loans                    | (3,100,699)           | -              |
|                                     | <b>\$ (3,063,311)</b> | <b>¥ 1,903</b> |

At December 31, 2023, the Company is exposed to currency risk through the following assets and liabilities denominated in other currencies:

|                                     | US Dollars (\$)       | CNY (¥)        |
|-------------------------------------|-----------------------|----------------|
| Cash and equivalents                | \$ 87,703             | ¥ 1,903        |
| Trade accounts and loans receivable | 5,230                 | -              |
| Trade accounts and loans payable    | (31,547)              | -              |
| Short term loans                    | (2,450,508)           | -              |
|                                     | <b>\$ (2,389,122)</b> | <b>¥ 1,903</b> |

Based on the above net exposures as at December 31, 2024 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against other currencies would result in an increase or decrease of approximately \$440,742 (2023 - \$315,985) in the Company's net loss for the year.

#### Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company manages credit risk by maintaining bank accounts with Tier 1 banks. Any short-term investment included in cash would be composed of financial instruments issued by Canadian banks. The Company's trade and other receivables consist of trade receivables from the sale of the product. Trade receivables include amounts receivable for normal terms and extended terms, which are generally made to credit worthy purchasers.

## Imaging Dynamics Company Ltd.

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### 19. Financial risk management (continued)

#### **Credit risk (continued)**

The Company uses an indirect distribution strategy whereby substantially all of the Company's revenues are earned through dealers, distributors and OEM partners. Most of the Company's distribution partners have income streams from various sources and have an established history of providing goods and services to the health care industry. The Company does not usually sell to the end user and as such has limited recourse in collecting any delinquent balances.

In cases where collection is in question, the Company has the ability to withhold warranty support or warranty parts to a dealer that has not paid, remove the dealer as a qualified Company dealer, and take any legal recourse measures.

The carrying amount of trade and other receivables and cash represent the maximum credit exposure.

Aging of trade receivables as at December 31, 2024 and 2023 are represented as follows:

| As at the years ended December 31, | 2024     | 2023     |
|------------------------------------|----------|----------|
| Current                            | \$ 863   | \$ -     |
| Past due 31 - 60 days              | 3,885    | 6,283    |
| Past due 61 - 90 days              | -        | 635      |
| Over 91 days                       | 986      | 5,026    |
|                                    | 5,735    | 11,944   |
| Allowance for doubtful accounts    | -        | (4,220)  |
|                                    | \$ 5,735 | \$ 7,724 |

The movement in the Company's allowance for doubtful accounts is as follows:

| As at the years ended December 31, | 2024     | 2023     |
|------------------------------------|----------|----------|
| Opening balance                    | \$ 4,220 | \$ 960   |
| Bad debt expense                   | -        | 4,220    |
| Recovery of bad debt               | (4,220)  | (960)    |
| Closing balance                    | \$ -     | \$ 4,220 |

#### **Economic Dependence**

There are three customers representing 78.07% of total revenue during the year ended December 31, 2024 as compared to three customers representing 56.54% of total revenue during the year ended December 31, 2023.

There is no supplier dependence during the year ended December 31, 2024 and 2023.

## Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
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### 19. Financial risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due (see Note 2). The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company.

The Company currently settles its financial obligations with cash. In order to meet its financial liabilities, the Company relies on collecting its trade and other receivables in a timely manner, sale of inventory and by maintaining sufficient cash in excess of anticipated needs.

The following are the contractual maturities of financial liabilities and other commitments as at December 31, 2024:

| Financial liabilities and commitment | < One year          | > One year  |
|--------------------------------------|---------------------|-------------|
| Trade and other payables             | \$ 752,102          | \$ -        |
| Short term loans                     | 4,649,307           | -           |
| Lease liability                      | 81,333              | -           |
| <b>Total</b>                         | <b>\$ 5,482,742</b> | <b>\$ -</b> |

The following are the contractual maturities of financial liabilities and other commitments as at December 31, 2023:

| Financial liabilities and commitment | < One year          | > One year       |
|--------------------------------------|---------------------|------------------|
| Trade and other payables             | \$ 505,658          | \$ -             |
| Short term loans                     | 3,428,746           | -                |
| Lease liability                      | 76,533              | 81,333           |
| <b>Total</b>                         | <b>\$ 4,010,937</b> | <b>\$ 81,333</b> |

It is the Company's intention to meet these obligations through the collection of trade and other receivables, sale of inventory and the receipt of future progress payments on amounts not yet invoiced, as well as looking for other external financing sources.

### 20. Revenue

|   | Sale of Equipment | Technical Support | Total           |
|---|-------------------|-------------------|-----------------|
| <b>For the years ended December 31,</b> |                   |                   |                 |
| <b>2024</b>                             | <b>\$60,655</b>   | <b>\$2,409</b>    | <b>\$63,064</b> |
| 2023                                    | \$102,231         | \$1,416           | \$103,647       |

## Imaging Dynamics Company Ltd.

Notes to the Consolidated Financial Statements  
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### 21. Segmented information

The Company determines its operating segments based on internal information regularly reviewed by management to allocate resources and assess performance. The Company is organized into two sales geographic areas consisting of the Americas and others. These regions are organized to manage sales and distribution channels and are not currently maintained or managed as operating regions.

The Company sells primarily through dealers, distributors and OEM partners.

Segmented revenues for the years ended December 31, 2024 and 2023 are as follows:

|   | Americas   | Others    | Total      |
|---|------------|-----------|------------|
| <b>For the year ended December 31, 2024</b> |            |           |            |
| Sales                                       | \$ 62,793  | \$ 271    | \$ 63,064  |
| Non-current Assets                          | \$ 107,254 | \$ -      | \$ 107,254 |
| <hr/>                                       |            |           |            |
|   | Americas   | Others    | Total      |
| For the year ended December 31, 2023        |            |           |            |
| Sales                                       | \$ 86,599  | \$ 17,048 | \$ 103,647 |
| Non-current Assets                          | \$ 174,073 | \$ -      | \$ 174,073 |

### 22. Operating expenses by nature

| For the years ended December 31, 2024     | Notes | 2024       | 2023       |
|---|-------|------------|------------|
| Employee related                          |       | \$ 347,117 | \$ 284,638 |
| Professional fees                         |       | 292,127    | 378,734    |
| Facility and utilities                    |       | 34,575     | 32,248     |
| Communications                            |       | 15,595     | 13,707     |
| Other administrative costs                |       | 120,088    | 133,976    |
| Insurance                                 |       | 24,134     | 24,475     |
| Warranty provision (recovery)             |       | (8,307)    | (13,202)   |
| Bad debt (recovery)                       |       | (4,220)    | 4,220      |
| Depreciation, amortization and impairment | 7     | 70,790     | 73,541     |
|   |       | \$ 891,899 | \$ 932,337 |

### 23. Subsequent events

The Company received a Promissory Note of USD\$81,692 on March 27, 2025 from its Shareholders, Directors and other related companies. The Promissory Note bears interest at 6% per annum and is due on demand.

### 24. Comparative figures

The financial statements for the prior year have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.