

# IMAGING DYNAMICS COMPANY LTD.

## FINANCIAL RESULTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(UNAUDITED)



**Your Global Medical Imaging Technology Provider**

# Management Report

To the Shareholders of Imaging Dynamics Company Ltd.:

The accompanying condensed consolidated interim financial statements for the three months ended March 31, 2024 of Imaging Dynamics Company Ltd. (the "Company") are the responsibility of Management. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where necessary, include amounts which reflect management's best estimates and judgments based on current available information. The Corporation's auditors have not reviewed or audited these condensed consolidated interim financial statements.

Management is also responsible for a system of internal controls which is designed to provide reasonable assurance that the Company's assets are safeguarded and accounting systems provide timely and accurate financial reports.

Signed: "Yong Yan"

**Yong Yan**

Chief Executive Officer  
May 29, 2024

Signed: "Xiaoyi Yan"

**Xiaoyi Yan**

Chief Financial Officer

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

As at	Note *	March 31, 2024	December 31, 2023
<b>Assets</b>			
Current			
Cash and cash equivalents		\$ 1,200	\$ 118,567
Trade and other receivables	5	28,098	30,996
Inventory	6	16,304	20,137
Prepaid expenses and other		17,890	17,890
		63,492	187,590
Non-current assets			
Property and equipment	7	156,504	174,073
<b>Total Assets</b>		<b>\$ 219,996</b>	<b>\$ 361,663</b>
<b>Liabilities</b>			
Current			
Trade and other payables	10 & 19	\$ 523,330	\$ 505,658
Customer deposits		24,092	30,158
Lease liability - current	8	79,551	76,533
Short term loan	11 & 17	3,544,382	3,428,746
Warranty provision		25,577	24,769
		4,196,932	4,065,864
Long-term liabilities			
Lease liability - long term	8	60,243	81,333
<b>Total Liabilities</b>		<b>4,257,175</b>	<b>4,147,197</b>
<b>Shareholders' deficiency</b>			
Share capital	12	96,509,279	96,509,279
Contributed surplus	14	15,309,930	15,309,930
Deficit		(115,856,388)	(115,604,743)
<b>Total Shareholders' deficiency</b>		<b>(4,037,179)</b>	<b>(3,785,534)</b>
<b>Total Liabilities and Shareholders' deficiency</b>		<b>\$ 219,996</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 - unaudited)

For three months ended March 31,	Note*	2024		2023	
Revenues	20 & 21	\$	16,675	\$	55,895
Cost of sales			3,833		8,364
<b>Gross profit</b>		<b>\$</b>	<b>12,842</b>	<b>\$</b>	<b>47,531</b>
Expenses					
Sales and marketing	22		-		6,048
General and administrative	22		209,111		226,695
			<b>209,111</b>		<b>232,743</b>
<b>Loss before undernoted items</b>			<b>(196,269)</b>		<b>(185,212)</b>
Interest expense			55,376		43,080
<b>Net loss</b>		<b>\$</b>	<b>(251,645)</b>	<b>\$</b>	<b>(228,292)</b>
<b>Net loss per share, basic and diluted</b>	15		<b>(0.02)</b>		<b>(0.02)</b>

\* 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 - unaudited)

	Note*	Number of Shares	Share Capital	Share- based payments reserve	Contributed surplus	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Deficiency
Balance December 31 2021		10,334,550	96,509,279	7,186,107	8,123,823	(201,529)	(113,791,213)	(2,173,533)
Accumulated other comprehensive income recycled	14	-	-	-	-	201,529	(201,529)	-
Stock option expired	14	-	-	(7,186,107)	7,186,107	-	-	-
Net loss for the year		-	-	-	-	-	(595,047)	(595,047)
Balance December 31, 2022		10,334,550	96,509,279	-	15,309,930	-	(114,587,789)	(2,768,580)
Net loss for the period		-	-	-	-	-	(228,292)	(228,292)
Balance March 31, 2023		10,334,550	96,509,279	-	15,309,930	-	(114,816,081)	(2,996,872)

Note: The number of shares for current and prior periods reflect the share consolidation, please see Note 12

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

	Note*	Number of Shares	Share Capital	Share- based payments reserve	Contributed surplus	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' 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		-	-	-	-	-	(251,645)	(251,645)
Balance march 31, 2024		10,334,550	96,509,279	-	15,309,930	-	(115,856,388)	(4,037,179)

Note: The number of shares for current and prior periods reflect the share consolidation, please see Note 12

\* 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 - unaudited)

For three months ended March 31,	Note*	2024	2023
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net loss		(\$251,645)	(\$228,292)
Items not affecting cash:			
Depreciation of property and equipment	7	17,570	19,349
Unrealized foreign exchange loss (gain)		86,922	6,901
Lease accretion expense		5,852	8,322
Warranty expense		808	2,783
		(140,493)	(190,937)
Change in non-cash working capital	16	18,337	24,177
Cash (provided by) used in operating activities		(122,156)	(166,760)
<b>Investing activities</b>			
Additions to property and equipment	7	-	(1,800)
Cash (provided by) used in investing activities		-	(1,800)
<b>Financing activities</b>			
Repayment of premise lease		(23,924)	(23,923)
Advances from short term loans	11 & 17	28,713	287,259
Cash (provided by) used in financing activities		4,789	263,336
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(117,367)</b>	<b>94,776</b>
<b>Cash and cash equivalents beginning of period</b>		<b>118,567</b>	<b>28,365</b>
<b>Cash and cash equivalents end of period</b>		<b>\$1,200</b>	<b>\$123,141</b>

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

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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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 March 31, 2024, the Company had current liabilities in excess of current assets of \$4,133,440 (December 31, 2023 – \$3,878,274), and an accumulated deficit at March 31, 2024 of \$115,856,388 (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 May 27, 2024. These unaudited interim condensed consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) and Interpretation of the International Financial Reporting Interpretation Committee (“IFRIC”) effect at January 1, 2020. These condensed consolidated Interim financial statements do not include all of the disclosures required for full annual consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2023.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

#### 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.

#### 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

Allowance for doubtful accounts – Management continuously monitors and reviews its trade and other receivables and makes its best assumption on collectability of these trade and other receivables (Note 5). Any uncertainty in these assumptions could impact the value of the trade and other receivables reported in these consolidated financial statements.

Inventory obsolescence - Management reviews and estimates the carrying value of inventory periodically and records a provision for inventory obsolescence for specific inventory items. These estimates by their nature are subject to uncertainty and the impact of the provision for inventory obsolescence expense could be material in these consolidated financial statements.

Property and equipment and intangible assets – 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



# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

7 and 9). By their nature, these estimates are subject to uncertainty and the impact on the consolidated financial statements of future periods could be material.

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.

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 and intangible assets. 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 three months ended March 31, 2024 and the year ended December 31, 2023

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### 4. Summary of significant 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

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

##### (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.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

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 statement of operations and 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.

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) Intangible assets

Intangible assets with definite useful lives are recorded at cost less accumulated amortization and impairment losses and are comprised of digital X-ray technology patents, licenses and software. Digital X-ray technology patents and licenses are amortized over a 5-year period on a straight line basis, software is amortized on a 20% declining balance basis, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in the consolidated statement of operations and comprehensive loss as incurred. Amortization methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### f) 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.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

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.

Financial assets at amortized cost include cash and cash equivalents, which includes with banks, 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 purpose 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 statement of comprehensive income (loss).

#### Impairment of financial assets

The Company recognized an allowance for 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 12 months (a 12-month ECL).

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

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.

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 group 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 statement of comprehensive income (loss).

The Company classifies its trade and other payables, short-term loan, lease liability and long-term debt 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.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

#### g) 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.

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.

#### h) 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.

#### i) 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.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

#### *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.

#### j) 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 as deferred revenue. 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 March 31, 2024 or December 31, 2023.

#### k) Segment reporting

The Company is organized into two sales 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.

#### l) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated statement of operations and 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.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

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.

#### m) 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.

#### n) 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 statement of operations and comprehensive loss.



# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

#### (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 statement of operations and comprehensive loss when there has been a disposal or partial disposal of the foreign operation.

#### o) 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 13.

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.

#### p) 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.

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. The number of additional shares related to convertible debentures is calculated assuming the debentures are converted into common shares by dividing the face value of convertible debentures by the conversion price. Earnings is adjusted for interest or accretion, net of tax, related to the convertible debentures. In loss per share situations, the diluted per share amount is the same as that for basic, as all factors are anti-dilutive.

#### q) Investment in associate

When the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. The Company's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates are initially recognized at cost plus the Company's share of their post-acquisition results less dividends received. The consolidated statement of profit (loss) and comprehensive income (loss) reflect the share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associates are eliminated to the extent of the Company's investment in the associates, except where unrealized loss provide evidence of an impairment of the asset transferred.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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

The financial statements of the associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with the Company.

Upon loss of significant influence over the associates, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

#### r) 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.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

### 5. Trade and other receivables

As at		March 31, 2024	December 31, 2023
Trade receivables	Note 19	\$ 4,826	\$ 7,724
Other receivables		23,272	23,272
		<b>\$ 28,098</b>	<b>\$ 30,996</b>

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

### 6. Inventory

As at	March 31, 2024	December 31, 2023
Inventory net of allowance for obsolescence	\$ 16,304	\$ 20,137
	<b>\$ 16,304</b>	<b>\$ 20,137</b>

Included in inventory is \$1,938 (2023 - \$3,697) of purchased components and \$14,366 (2023 - \$16,440) of finished goods. During the period ended March 31, 2024, the Company recorded an allowance for inventory obsolescence of \$Nil (2023 – allowance for \$22,583) in cost of sales.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

### 7. Property and equipment

<b>Cost</b>	<b>Technical, lab and computer equipment</b>	<b>Office equipment</b>	<b>Capitalized 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	-	-	-	-
<b>Balance,</b>				
<b>March 31, 2024</b>	<b>\$ 69,915</b>	<b>\$ 13,894</b>	<b>\$ 309,206</b>	<b>\$ 393,015</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	2,151	694	14,724	17,569
<b>Balance,</b>				
<b>March 31, 2024</b>	<b>\$ 36,387</b>	<b>\$ 3,802</b>	<b>\$ 196,322</b>	<b>\$ 236,511</b>
<b>Net book value as at:</b>				
December 31, 2023	\$ 35,679	\$ 10,786	\$ 127,608	\$ 174,073
<b>March 31, 2024</b>	<b>\$ 33,528</b>	<b>\$ 10,092</b>	<b>\$ 112,884</b>	<b>\$ 156,504</b>

### 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%.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

### 8. Lease (continued)

<b>Right of use Asset</b>	
Balance, January 1, 2023	186,504
Amortization	(58,896)
Balance, December 31, 2023	\$ 127,608
Amortization	(14,724)
<b>Balance, March 31, 2024</b>	<b>\$ 112,884</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	5,852
Lease payment	(23,924)
<b>Balance, March 31, 2024</b>	<b>\$ 139,794</b>

As at	March 31, 2024	December 31, 2023
Short term lease liability	79,551	76,533
Long term lease liability	60,243	81,333
<b>Total lease liability</b>	<b>\$ 139,794</b>	<b>\$ 157,866</b>

	Under 1 year	Between 1-2 years	Between 3-5 years	Over 5 years
<b>Lease liability</b>	\$ 79,551	\$ 60,243	\$ -	\$ -
				\$ 139,794

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

### 9. Intangible assets

There were no intangible assets purchased or internal created as at the three months ended March 31, 2024, and the year 2023.

### 10. Trade and other payables

As at	March 31, 2024	December 31, 2023
Trade payables	\$ 63,070	\$ 129,502
Interest payable	387,151	339,034
Other payables and accruals	73,109	37,122
<b>Trade and other payables</b>	<b>\$ 523,330</b>	<b>\$ 505,658</b>

### 11. Loan payable

The Company received short-term loans from Shareholders, Directors and other related associations (“Lenders”) during the three months ended March 31, 2024 (See note 17). The total Promissory Notes amount received in the three months period is \$25,826 USD (\$28,713 CAD) (2023 – \$794,735 USD (\$1,070,747 CAD)). These Promissory Notes bear interest at 6% per annum and are due on demand (2023 – 6% per annum and are due on demand).

### 12. 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
Balance, March 31, 2024	10,334,550	\$ 96,509,279

Note: This table is reflective of the share consolidation.

The Company had received TSX Venture Exchange (the “Exchange”) approval for the consolidation of its outstanding common shares on the basis of one (1) post-consolidated common share for every twenty (20) pre-consolidated common shares held (the “Consolidation”). The effective date was November 2, 2021.

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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### 13. 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 three months period as at March 31, 2024 and the year 2023.

### Stock option plan

There is no outstanding Stock Option Plan as at March 31, 2024 and the year 2023.

### 14. Contributed surplus

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

<u>As at</u>	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
Balance, beginning of period	\$	8,123,823	\$	8,123,823
Balance, ending of period	\$	8,123,823	\$	8,123,823

## Imaging Dynamics Company Ltd.

### Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

#### 15. Per share amounts

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

For three months ended March 31,	2024	2023
Net loss	\$ (251,645)	\$ (228,292)
Weighted average number of common shares outstanding	10,334,550	10,334,550
Basic and diluted loss per share	\$ (0.02)	\$ (0.02)

Note: The number of shares reflect the share consolidation in Note 12.

#### 16. Supplementary information

Change in non-cash working capital:

For three months ended March 31,	2024	2023
Trade and other receivables	\$ 2,898	\$ (684)
Inventory	3,833	(880)
Prepaid expenses and other	-	(26,778)
Trade and other payables	17,672	27,699
Customer deposits	(6,066)	24,820
	\$ 18,337	\$ 24,177

Other information

Interest paid	-	-
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# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

### 17. Related party transactions

The following transactions were entered into with related parties during the three months ended March 31, 2024:

- 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 statement of operations and comprehensive loss relating to key management personnel for the three months ended March 31, 2024 and 2023 was as follows:

For three months ended March 31,	2024	2023
Salaries / compensation	10,500	8,500
Total for the period	10,500	8,500

- b) During three months period ended March 31 2024, the Company entered into multiple short-term promissory notes with its shareholders, directors and other related associations. The Company have received 28,713 CAD. These promissory notes bear interest at 6% per annum and are due on demand

### 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	March 31, 2024	December 31, 2023
Shareholders' deficiency	(4,037,179)	(3,785,534)
	(\$4,037,179)	(\$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, 2023. 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

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

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### 19. Financial risk management (continued)

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 and cash equivalents, trade and other receivables, trade and other payables, short term loan approximate fair value due to the short-term nature of these instruments. The fair value of the convertible debenture is calculated by discounting future debt service payments using an estimated market rate of interest.

Any financial assets and financial liabilities measured at fair value (currently there are none) in the consolidated statement 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.

#### **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 March 31, 2024 and December 31, 2023, there were no foreign exchange contracts outstanding.

At March 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	213	1,903
Trade accounts and loans receivable	3,560	-
Trade accounts and loans payable	(31,547)	-
Short term loans	(2,476,335)	-
	(2,504,108)	1,903

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

### 19. Financial risk management (continued)

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 March 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 \$339,422 (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 and cash equivalents 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. 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, as well as any and all legal recourse measures.

At March 31, 2024, the Company recognized an allowance for doubtful accounts of \$nil (2023 - \$4,220).

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

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

### 19. Financial risk management (Continued)

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

As at	March 31, 2024	December 31, 2023
Not past due	\$ -	\$ 6,283
Past due 31 - 180 days	-	5,661
Past due 181 - 365 days	4,826	-
Over 365 days	-	-
	4,826	11,944
Allowance for doubtful accounts	-	(4,220)
	\$ 4,826	\$ 7,724

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

As at	March 31, 2024	December 31, 2023
Opening balance	\$ 4,220	\$ 960
Bad debt expense	(4,220)	4,220
Foreign exchange	-	-
Recovery (Write off) of accounts receivable	-	(960)
Closing balance	\$ -	\$ 4,220

#### ***Economic Dependence***

There is no customer dependence during the three months ended March 31, 2024 as compare to three customers representing 56.54% of total revenue during the year ended December 31, 2023.

There is no supplier dependence during the three months ended March 31, 2024 and 2023.

#### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not have any financial assets or liabilities at variable interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investments included in cash and cash equivalents is limited due to the short-term nature of the assets.

#### ***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

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

### 19. Financial risk management (Continued)

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 March 31, 2024:

<b>Financial liabilities and commitment</b>	<b>&lt; One year</b>	<b>&gt; One year</b>
Trade and other payables	\$523,330	-
Short term loans	3,544,382	-
Lease liability	79,551	60,243
<b>Total</b>	<b>\$4,147,263</b>	<b>\$60,243</b>

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

<b>Financial liabilities and commitment</b>	<b>&lt; One year</b>	<b>&gt; One year</b>
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

	<b>Sale of Equipment</b>	<b>Technical Support</b>	<b>Total</b>
Three months ended March 31,			
2024	\$16,136	\$540	\$16,675
2023	\$55,628	\$267	\$55,895

### 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

# Imaging Dynamics Company Ltd.

## Notes to the Consolidated Financial Statements

For three months ended March 31, 2024 and the year ended December 31, 2023

### 21. Segmented information (Continued)

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 three months ending March 31, 2024 and 2023 are as follows:

	Note	Americas	Others	Total
<b>Three months ended March 31,</b>				
2024	\$	16,675	\$ -	\$ 16,675
2023	\$	55,895	\$ -	\$ 55,895

### 22. Operating expenses by nature

For three months ended March 31,	Notes	2024	2023
Employee related		\$ 55,743	\$ 61,608
Professional fees		10,500	88,284
Facility and utilities		6,872	6,938
Communications		2,593	1,249
Other administrative costs		8,189	20,975
Insurance		24,134	24,475
Foreign exchange loss (gain)		86,922	7,082
Warranty provision (recovery)		807	2,783
Bad debt (recovery)		(4,220)	-
Depreciation, amortization and impairment	7	17,570	19,349
		\$ 209,110	\$ 232,743

### 23. Subsequent Events

The Company received a Promissory Note of USD\$78,787 on April 4, 2024 from its Shareholders, Directors and other related associations. These Promissory Notes bear interest at 6% per annum and are due on demand.

Xiaoyi (Neil) Yan intends to step down as Chief Financial Officer to pursue other opportunities as of May 31, 2024.