IMAGING DYNAMICS COMPANY LTD.

FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Your Global Medical Imaging Technology Provider

Independent Auditors' 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, 2022 and the consolidated statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year 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 Auditors' 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, 2022 the Company had current liabilities in excess of current assets of $2,842,134 and a shareholders' deficiency of $2,768,580. 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.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2022.

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 year 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 auditors' report.

Information Other than the Consolidated Financial Statements and Auditors' 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 auditors' 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 auditors' 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.

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.

Auditors’ 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 auditors' 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 auditors’ 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 auditors’ 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.

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

Kenway Mack Slusarchuk Stewart LLP

Chartered Professional Accountants

April 27, 2023
Calgary, Alberta

Imaging Dynamics Company Ltd.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at December 31,	Note *	**2022**	2021
Assets			
Current			
Cash and cash equivalents		**$ 28,365**	$ 48,111
Trade and other receivables	5 & 20	**6,928**	4,813
Inventory	6	**16,813**	23,185
Prepaid expenses and other		**22,637**	31,269
		74,743	107,378
Non-current assets			
Property and equipment	7	**231,420**	305,087
Total Assets		**$ 306,163**	$ 412,465
Liabilities			
Current			
Trade and other payables	10 & 20	**$ 352,914**	$ 706,565
Customer deposits		**-**	24,353
Current portion of lease liability	8	**65,703**	53,315
Short term loans	11 & 17	**2,430,289**	1,523,382
Warranty provision		**37,971**	33,107
Canada emergency business account loan	24	**30,000**	-
		2,916,877	2,340,722
Long-term liabilities			
Canada emergency business account loan	24	**-**	25,726
Lease liability	8	**157,866**	219,550
Total Liabilities		**3,074,743**	2,585,998
Shareholders' deficiency			
Share capital	12	**96,509,279**	96,509,279
Share-based payments reserve	13	**-**	7,186,107
Contributed surplus	14	**15,309,930**	8,123,823
Other comprehensive income		**-**	(201,529)
Deficit		**(114,587,789)**	(113,791,213)
Total Shareholders' deficiency		**(2,768,580)**	(2,173,533)
Total Liabilities and Shareholders' deficiency		**$ 306,163**	$ 412,465
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*		2022		2021
Revenues	21 & 22	**$**	**223,404**	$	253,325
Cost of sales			**66,423**		131,234
Gross profit		**$**	**156,981**	$	122,091
Expenses					
Sales and marketing	23		**2,409**		9,715
General and administrative	23		**834,095**		705,016
			836,504		714,731
Loss before undernoted items			**(679,523)**		(592,640)
Recovery of trade and other payables	25		**(380,298)**		-
Interest expense			**154,277**		96,865
Unrealized foreign exchange loss			**133,595**		7,559
Realized foreign exchange loss (gain)			**7,950**		(3,320)
Net loss		**$**	**(595,047)**	$	(693,744)
Net loss per share, basic and diluted	15	**$**	**(0.06)**	$	(0.07)

* 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 Shares	Share Capital	Share-based payments reserve	Contributed surplus	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Deficiency
Balance December 31 2020		10,334,550	$ 96,509,279	$ 7,186,107	$ 8,123,823	$ (201,529)	$ (113,097,469)	$ (1,479,789)
Net loss for the year		-	-	-	-	-	(693,744)	(693,744)
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 options 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)**

Note: The number of shares for current and prior years 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)

For the years ended December 31,	Note*	2022	2021
Cash provided by (used in):			
Operating activities			
Net loss		**$ (595,047)**	$ (693,744)
Items not affecting cash:			
Depreciation of property and equipment	7	**77,195**	63,297
Foreign exchange loss		**133,595**	7,559
Lease accretion expense		**43,023**	35,218
Warranty expense		**4,864**	(20,430)
Fair value adjustment on Canada emergency business account loan	24	**4,274**	3,500
		(332,096)	(604,600)
Change in non-cash working capital	16	**(365,115)**	111,349
Cash used in operating activities		**(697,211)**	(493,251)
Investing activities			
Additions to property and equipment	7	**(3,528)**	(64,087)
Cash used in investing activities		**(3,528)**	(64,087)
Financing activities			
Payment of premise lease		**(92,319)**	(73,917)
Advances from short term loans	11 & 17	**773,312**	561,044
Cash provided by financing activities		**680,993**	487,127
Net (decrease) increase in cash and cash equivalents		**(19,746)**	(70,211)
Cash and cash equivalents beginning of year		**48,111**	118,322
Cash and cash equivalents end of year		**$ 28,365**	$ 48,111

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

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.

The Company was informed that a private share transaction between Shuai Wang and New Journey Hospital Group Ltd. has been completed on or about March 14, 2022 whereby New Journey Hospital Group Ltd. has acquired from Shuai Wang 4,222,668 shares in the capital of the Company (the "Private Transaction") at a transaction price of $1.00/ share. Pursuant to the Private Transaction, New Journey Hospital Group Ltd. now holds approximately 40.86% of the issued and outstanding shares of the Company.

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, 2022, the Company had current liabilities in excess of current assets of $2,842,134 (2021 – $2,233,344) and a shareholders’ deficiency of $2,768,580 (2021 - $2,173,533). 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, and the economic recovery of the Canadian and global economies due to the COVID-19 pandemic. The impact of continued variants on the global market is uncertain. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

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 27, 2023. 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.

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:

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 when completing their expected credit loss analysis (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.

3. Basis of preparation *(continued)*

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 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 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. 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.

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.

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.

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

a) Basis of consolidation *(continued)*

(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 statement 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.

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.

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

e) Intangible assets *(continued)*

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 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.

The Company's business model for managing financial assets refers to how it managers 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 risk on specified dates 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 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.

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

f) Financial Instruments *(continued)*

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 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 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 assesses 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.

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

f) Financial Instruments *(continued)*

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 initially 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 loss.

The Company classifies its trade and other payables, short term loans, and Canada emergency business account loan 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.

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.

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

h) Provisions

A 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.

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.

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

j) Customer deposits *(continued)*

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.

k) Segment reporting

The Company has sales in two geographic areas within one operating segment consisting of the Americas and outside of 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 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.

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

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 in the consolidated statement 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 statement of 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.

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

p) Per share amounts

Basic earnings or loss per share is 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 situations, the potentially dilutive securities are excluded as they are anti-dilutive.

q) 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 adjusted 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.

(Expressed in Canadian dollars)

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

r) Future accounting policies

Several new standards and amendments to standards and interpretations are not yet effective for the year ended December 31, 2022 and have not been applied in preparing these consolidated financial statements. Other than the specific standard identified below, none are currently considered by the Company to be significant or likely to have a material impact on future consolidated financial statements.

IAS 1 Presentation of financial statements

The amendment to IAS 1 clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition.

5. Trade and other receivables

As at the years ended December 31,	**2022**	2021
Trade receivables	$ 6,928	$ 4,813
	$ 6,928	$ 4,813

Allowance for doubtful accounts of $960 (2021 - $898) has been netted against trade receivables.

6. Inventory

As at the years ended December 31,	**2022**	2021
Inventory net of allowance for obsolescence	$ 16,813	$ 23,185
	$ 16,813	$ 23,185

Included in inventory is $2,447 (2021 - $19,943) of purchased components and $14,366 (2021 - $3,242) of finished goods. During the year ended December 31, 2022, the Company recorded a recovery for inventory of $16,312 (2021 – allowance for $63,036) in cost of sales.

(Expressed in Canadian dollars)

7. Property and equipment

Cost	Technical, lab and computer equipment	Office equipment	Capitalized Lease	Total
Balance, December 31, 2020	$ -	$ -	$ 309,206	$ 309,206
Additions	62,915	1,172	-	64,087
Balance, December 31, 2021	**$ 62,915**	**$ 1,172**	**$ 309,206**	**$ 373,293**
Additions	-	3,528	-	3,528
Balance, December 31, 2022	**$ 62,915**	**$ 4,700**	**$ 309,206**	**$ 376,821**
Accumulated depreciation				
Balance, December 31, 2020	-	-	4,909	4,909
Depreciation	4,387	13	58,897	63,297
Balance, December 31, 2021	**$ 4,387**	**$ 13**	**$ 63,806**	**$ 68,206**
Depreciation	17,558	741	58,896	77,195
Balance, December 31, 2022	**$ 21,945**	**$ 754**	**$ 122,702**	**$ 145,401**
Net book value as at:				
December 31, 2021	$ 58,528	$ 1,159	$ 245,400	$ 305,087
December 31, 2022	**$ 40,970**	**$ 3,946**	**$ 186,504**	**$ 231,420**

(Expressed in Canadian dollars)

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%.

Right of use Asset		
Balance, January 1, 2021	$	304,297
Amortization		(58,897)
Balance, December 31, 2021	$	245,400
Amortization		(58,896)
Balance, December 31, 2022	**$**	**186,504**

Lease Liability		
Balance, January 1, 2021	$	311,564
Interest expense		35,218
Lease payment		(73,917)
Balance, December 31, 2021	$	272,865
Interest expense		43,023
Lease payment		(92,319)
Balance, December 31, 2022	**$**	**223,569**

As at December 31,	**2022**	2021
Short term lease liability	**65,703**	53,315
Long term lease liability	**157,866**	219,550
Total lease liability	**$ 223,569**	$ 272,865

Principal repayment in the next 5 years:

Under 1 year	$	65,703
Between 1-2 years		76,533
Between 3-5 years		81,333
	$	223,569

9. Intangible assets

There were no intangible assets purchased or internally created in 2022 and 2021.

(Expressed in Canadian dollars)

10. Trade and other payables

As at December 31,	2022	2021
Trade payables	**$ 108,889**	$ 177,737
Interest payable	**180,774**	73,797
Other payables and accruals	**63,251**	455,031
Trade and other payables	**$ 352,914**	$ 706,565

Included in trade and other payables is $180,774 (2021 - $73,797) of accrued interest related to short term promissory notes with entities wholly owned by directors.

11. Loan payable

The Company received short term loans from shareholders, directors and other related companies ("Lenders") during the year ended December 31, 2022 (See note 17). The total Promissory Notes amount received in the year is $569,700 USD ($732,059 CAD) (2021 – $455,000 USD ($561,044 CAD)). These Promissory Notes bear interest at 6% per annum and are due on demand (2021 – 6% per annum and are due on demand). The Company also received a short term loan with a director for $41,253 CDN in the year (2021 - $nil).

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, 2020, 2021, and 2022	**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.

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 in 2022 and 2021.

(Expressed in Canadian dollars)

14. Equity

a) Contributed surplus

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

As at December 31,	**2022**	2021
Balance, beginning of year	**$ 8,123,823**	$ 8,123,823
Stock options expired	**7,186,107**	-
Balance, ending of year	**$ 15,309,930**	$ 8,123,823

b) Accumulated other comprehensive income

In 2018, Shanghai IDC Healthcare Co. ("IDC Shanghai"), a wholly owned subsidiary, finished a financing arrangement in China, which resulted in the Company losing control of IDC Shanghai. Discontinued operations of IDC Shanghai was reported in 2018. The recycling of accumulated other comprehensive income relates to foreign exchange loss recognized between 2018 and 2019.

15. Per share amounts

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

For the years ended December 31,	**2022**	2021
Net loss	**$ (595,047)**	$ (693,744)
Weighted average number of common shares outstanding	**10,334,550**	10,334,550
Basic and diluted loss per share	**$ (0.06)**	$ (0.07)
Note: The number of shares reflect the share consolidation in Note 12.		

16. Supplementary information

Change in non-cash working capital:

For the years ended December 31,	**2022**	2021
Trade and other receivables	**$ (2,115)**	$ 1,354
Inventory	**6,372**	71,748
Prepaid expenses and other	**8,632**	(5,702)
Trade and other payables	**(353,651)**	64,759
Customer deposits	**(24,353)**	(20,810)
	$ (365,115)	$ 111,349
Other information:		
Interest paid	-	-

(Expressed in Canadian dollars)

17. Related party transactions

The following transactions were entered into with related parties during the year ended December 31, 2022 and December 31, 2021.

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 comprehensive loss relating to key management personnel for the year ended December 31, 2022 and 2021 was as follows:

For the years ended December 31,	**2022**	2021
Salaries / compensation	**$ -**	$ 6,480
Consulting fees	**30,000**	22,500
Total	**$ 30,000**	$ 28,980

b) In 2021, the Company entered into multiple short term promissory notes with entities wholly owned by its directors for $455,000 USD ($561,044 CAD). These promissory notes bear interest at 6% per annum and are due on demand.

c) In 2022, the Company entered into multiple short term promissory notes with entities wholly owned by its directors for $569,700 USD ($732,059 CAD). These promissory notes bear interest at 6% per annum and are due on demand. The Company entered into a short term loan with a director for $41,253 CDN. This short term loan bears no interest and is due on demand.

18. Income taxes

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

	2022	2021
Loss before income taxes	**$ (595,047)**	$ (693,745)
Statutory income tax rate	**26.50%**	26.50%
Tax expense	**$ (157,688)**	$ (183,842)
Non-deductible expenses and other	**20,839**	1,863
Derecognized deferred tax assets	**-**	2,496,414
Change in tax rates	**(2,929)**	(1,187,609)
Tax benefits expired	**400,824**	-
Change in unrecognized deferred tax assets	**(261,046)**	(1,126,826)
Income tax provision (recovery)	**$ -**	$ -

(Expressed in Canadian dollars)

18. Income taxes *(continued)*

Deferred tax Assets and liabilities

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

	2022	2021
Property and equipment	**$ 4,191,543**	$ 1,166
Intangible assets	**186,857**	186,857
Research and development costs	**-**	400,824
Lease liability	**9,822**	7,278
Warranty provision	**10,062**	8,773
Inventory allowance	**12,382**	16,704
Lawsuit payable	**-**	84,270
Non-capital losses	**16,398,640**	20,382,656
Capital losses	**1,086,317**	1,068,141
Total	**$ 21,895,623**	$ 22,156,669

As at December 31, 2022, the company has estimated non-capital losses for Canadian income tax purposes of approximately $61,881,662 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
2027	-	-	-
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	756,026	-	756,026
Total	**$ 61,881,662**	**-**	**$ 61,881,662**

(Expressed in Canadian dollars)

19. 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 December 31,	**2022**	2021
Shareholders' deficiency	**$ (2,768,580)**	$ (2,173,533)
	$ (2,768,580)	$ (2,173,533)

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, 2022. To maintain or adjust the capital structure, the Company may attempt to issue new equity or issue new debt.

20. 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 and cash equivalents, trade and other receivables, trade and other payables, short term loans 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 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.

(Expressed in Canadian dollars)

20. 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 the purpose of managing foreign exchange risk and not for speculative purposes. As at December 31, 2022 and December 31, 2021, there were no foreign exchange contracts outstanding.

At December 31, 2022, the Company is exposed to currency risk through the following assets and liabilities denominated in other currencies:

	US Dollars ($)	CNY (¥)
Cash and equivalents	$ 10,398	¥ 1,903
Trade accounts and loans receivable	4,430	-
Trade accounts and loans payable	(29,762)	-
Short term loans	(1,655,773)	
	$ (1,670,708)	**¥ 1,903**

At December 31, 2021, the Company is exposed to currency risk through the following assets and liabilities denominated in other currencies:

	US Dollars ($)	CNY (¥)
Cash and equivalents	$ 6,794	¥ 1,903
Trade accounts and loans receivable	4,505	-
Trade accounts and loans payable	(29,762)	-
Short term loans	(1,086,073)	
	$ (1,104,536)	**¥ 1,903**

Based on the above net exposures as at December 31, 2022 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 $226,281 (2021 - $140,033) in the Company's net loss for the year.

(Expressed in Canadian dollars)

20. Financial risk management *(continued)*

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 products. 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, and take any legal recourse measures.

As at December 31, 2022, the Company recognized an allowance for doubtful accounts of $960 (2021 - $898).

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

Aging of trade receivables as at December 31, 2022 and December 31, 2021 is represented as follows:

As at December 31,	**2022**	2021
Not past due	**$ -**	$ -
Past due 31 – 180 days	**7,888**	5,711
Past due 181 – 365 days	**-**	-
Over 365 days	**-**	-
	7,888	5,711
Allowance for doubtful accounts	**(960)**	(898)
	$ 6,928	$ 4,813

(Expressed in Canadian dollars)

20. Financial risk management *(continued)*

The movement in the Company's expected credit loss is as follows:

As at December 31,		**2022**		2021
Opening balance	**$**	**898**	$	-
Bad debt expense		**-**		2,088
Recovery (Write off) of accounts receivable		**62**		(1,190)
Closing balance	**$**	**960**	$	898

Economic Dependence

There are four customers represented 54% of total revenue during the year ended December 31, 2022, as compared to one customer representing 36% of total revenue during the year ended December 31, 2021

There is no supplier dependence during the year ended December 31, 2022 and 2021.

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 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.

(Expressed in Canadian dollars)

20. Financial risk management *(continued)*

Liquidity risk *(continued)*

The following are the contractual maturities of financial liabilities and other commitments as at December 31, 2022:

Financial liabilities and commitment	**< One year**	**> One year**
Trade and other payables	$ 352,914	$ -
Short term loans	2,430,289	-
Lease liability	65,703	157,866
Canada emergency business account loan	30,000	-
Total	**$ 2,878,906**	**$ 157,866**

The following are the contractual maturities of financial liabilities and other commitments as at December 31, 2021:

Financial liabilities and commitment	**< One year**	**> One year**
Trade and other payables	$ 706,565	$ -
Short term loans	1,523,382	-
Lease liability	53,315	219,550
Canada emergency business account loan	-	25,726
Total	**$ 2,283,262**	**$ 245,276**

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.

21. Revenue

	Sale of Equipment	**Technical Support**	**Total**
Year ended December 31,			
2022	**$ 220,807**	**$ 2,597**	**$ 223,404**
2021	$ 250,578	$ 2,747	$ 253,325

22. 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.

(Expressed in Canadian dollars)

22. Segmented information *(continued)*

Segmented revenues for the years ending December 31, 2022 and 2021 are as follows:

	Americas	Others	Total
Years ended December 31, 2022			
Sales	**$ 189,343**	**$ 34,061**	**$ 223,404**
Non-current Assets	**$ 231,420**	**$ -**	**$ 231,420**

	Americas	Others	Total
Years ended December 31, 2021			
Sales	$ 154,941	$ 98,384	$ 253,325
Non-current Assets	$ 305,087	$ -	$ 305,087

23. Operating expenses by nature

	Note	**2022**	2021
Employee related		**$ 204,388**	$ 179,238
Professional fees		**305,307**	356,360
Facility and utilities		**35,220**	26,511
Communications		**14,847**	10,645
Other administrative costs		**164,382**	66,516
Bad debt expense		**-**	2,088
Insurance		**30,300**	30,506
Warranty provision (recovery)		**4,864**	(20,430)
Depreciation, amortization and impairment	7	**77,196**	63,297
		$ 836,504	$ 714,731

24. Government grant

On April 17, 2020, the Company received $40,000 in Canada Emergency Business Account (CEBA) loan, funded by the Federal Government. The terms of the loan are: Interest rate is 0% per year, but subject to the interest rate disclosed below in the loan extension section; loan repayment in whole or in part on or after January 1, 2021; $10,000 (25%) of the $40,000 loan is eligible for complete forgiveness if $30,000 is fully repaid on or before December 31, 2022. Loan extension terms are: If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5%; Interest payments are due monthly and the outstanding principal balance must be fully repaid no later than December 31, 2025. However, the Company may repay some or all of the loan at any time. The $10,000 forgivable portion has been recorded as other income in 2020. On January 12, 2022, it was announced that the repayment deadline is being extended to December 31, 2023.

25. Recovery of trade and other payables

Recovery of accounts payable includes $318,000 of accrued wages payable and $62,298 of trade payables. The accrued wages were initially recorded in 2011, in 2017 in connection with legal claims related to terminations, the case against the Company was dropped without costs. The trade payables are from 2014 and the Company has had no contact with the vendor since 2018.

26. Comparative figures

The consolidated 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.

27. Subsequent Events

The Company received a Promissory Note of USD$97,073 on January 11, 2023 from its Shareholders, Directors and other related companies. The Promissory Note bears interest at 6% per annum and is due on demand.

The Company received a Promissory Note of USD$65,946 on January 19, 2023 from its Shareholders, Directors and other related companies. The Promissory Note bears interest at 6% per annum and is due on demand.

The Company received a Promissory Note of USD$55,691 on March 6, 2023 from its Shareholders, Directors and other related companies. The Promissory Note bears interest at 6% per annum and is due on demand.

The Company received a Promissory Note of USD$35,565 on April 18, 2023 from its Shareholders, Directors and other related companies. The Promissory Note bears interest at 6% per annum and is due on demand.

IMAGING DYNAMICS COMPANY LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2022

Your Global Medical Imaging Technology Provider

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

As at April 28, 2022

General

Imaging Dynamics Company Ltd. (the "Company" or "IDC") is a medical technology company in the field of Digital Radiography ("DR") equipment. IDC offers a family of products, which can be found in many leading medical and healthcare facilities, throughout the world. IDC was founded in May 1995 and maintains its corporate headquarters in Toronto, Ontario, Canada. IDC has subsidiary in USA, Euro and Hongkong. IDC is a publicly traded company incorporated under the laws of the Province of Alberta. The Company is listed on the TSX Venture Exchange ("TSXV"), trading under the symbol "IDL".

The Company's technology produces digital diagnostic images. It replaces the need for film and chemical film processing, as well as reduces storage and retrieval costs normally associated with traditional X-ray technology.

The information included in this document should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022 and related notes to the consolidated financial statements. The financial information contained in this document is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). For additional information and details, readers are referred to the quarterly and annual consolidated financial statements and MD&A for the fiscal years 2021 and 2022 all of which are published separately and are available at www.sedar.com. Additional information relating to the Company may be found on the Company's web site: www.imagingdynamics.com.

Advisory regarding Forward-Looking Statements

This MD&A is intended to provide readers with the information that management believes is required to gain an understanding of IDC's current results and to assess the Company's future prospects. This MD&A contains certain forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking information typically contains statements with words such as "anticipate", "believe", "plan", "continuous", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this MD&A may contain forward-looking statements including, but not limited to the following:

- revenues;
- cost of sales;
- sales and marketing expenses;
- general and administration expenses;
- production/manufacturing expenses;
- research and development expenses;
- foreign exchange (gain) loss;
- warranty;
- bad debts;
- amortization;
- inventory;
- accounts receivable;
- short term borrowing;
- sources of funding;
- convertible debentures.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur.

There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and averse to the Company and its shareholders.

Forward-looking statements are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, future demand for digital radiography products, competition, product pricing, cost of goods and external financing options. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. These factors include, but are not limited to: risks associated with competition, financial risks, substantial capital requirements, bank financing, government regulation, environmental, prices, markets and marketing, dependence on key personnel, dependence of key and single source vendors, risks may not be insurable, management of growth, expiration of licenses and patents, seasonality, conflicts of interest, issuance of debt, title to patents and property, variations in foreign exchange rates. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive.

Certain statements in the MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. These can include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to all aspects of the medical imaging industry. These risks and uncertainties include, but are not limited to, continued increased demand for the Company's products, the Company's ability to maintain its technological and competitive advantages in the field of digital radiography, the Company's ability to attract and retain key employees, the enforceability of the Company's patents, the Company's ability to raise capital on acceptable terms when needed, and the availability of key components. These uncertainties may cause actual results to differ from information contained herein. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These forward-looking statements are based on the estimates and opinions of Management on the dates they are made and are expressly qualified in their entirety by this notice. The reader is cautioned not to rely on these forward-looking statements. The Company will provide appropriate periodic updates to forward-looking statements should circumstances or Management's estimates or estimates or opinions change.

All dollar amounts are in Canadian Dollars unless otherwise stated.

In this MD&A, we may describe certain income and expense items that are unusual or non-recurring. These terms are not defined by IFRS. Our usage of these terms may vary from the usage adopted by other companies. We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results. In addition, terms such as income before interest, taxes, depreciation and amortization (“EBITDA”) and backlog are not defined by IFRS, and our use of such terms or measurement of such items may vary from that of other companies. Where relevant, and particularly for earnings-based measures, we provide tables in this document that reconcile non-IFRS measures used to amounts reported on the face of the consolidated financial statements.

Executive Summary

Management continues to work on a new strategy to grow the business and work towards profitability.

The mix of sales is shifting to flat panel DR systems versus CCD's and related parts.

Accounts receivable balances contains the allowance for doubtful accounts.

Goals and outlook

The consolidated financial statements of the Company have been prepared by Management in accordance with IFRS applicable to a going concern, 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.

The executive team, along with the Board, continues to work on the strategy to grow the business and work towards profitable operations. The Company continues to work towards developing new strategic business relationships globally, to look at potential strategic business acquisition opportunities, develop new products and to secure new sales. The Company will also work on developing new medical device business categories that are complementary to its business and take advantage of the Company's global brand and distribution network. The Company has also been working to develop new markets and obtain further product certifications.

Liquidity and Capital Resources

At December 31, 2022, the Company had negative working capital of $2,842,134 (negative working capital of $2,233,344 at December 31, 2021), cash flows used from operating activities for the year of $698,211 (year ended December 31, 2021 - $493,251) and a net loss of $595,047 (year ended December 31, 2021 net loss – $693,744) and a deficit at December 31, 2022 of $114,587,789 (December 31, 2021 deficit – $113,791,213).

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, and the economic recovery of the Canadian, global economies due to the COVID-19 pandemic and there is also rampant inflation in late 2022. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

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 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.

The Company’s cash and cash equivalents totaled $28,365 (compare to $48,111 at December 31, 2021), a decrease from the cash balance of $19,746 available at December 31, 2021. Funds were used for funding working capital to support increases sales, and overhead expenses in anticipation of future demand for cash.

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 medical devices 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’ equity and the Convertible Debentures proceeds.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets to adjust the amount of cash and cash equivalents.

Fourth Quarter and Annual 2021 Results

- Gross revenues for the three months ended December 31, 2022 increased by 242 percent and twelve months ended December 31, 2022 decreased 12 percent respectively compared to the same periods in 2021. Gross revenues for the three and twelve months ended December 31, 2022 were $76,285 and $223,404, compared to $22,330 and $253,325 respectively in the same periods of 2021.

- Gross profit for the three months and Gross margins for twelve months ended December 31, 2022 were $60,012 (79 percent) and $156,981 (70 percent) compared to -$51,076 (-229 per cent) and $122,091 (48 percent) respectively, for the same periods in 2021.

- Expenses (sales, general and administrative, and research and development expenses) for the year ended December 31, 2022 were $836,504, compared to $714,731 in 2021.

- Net profit for the three months ended December 31, 2022 was $ 172,405 ($0.02 per share) and net loss for the twelve months ended December 31, 2022 was $693,744 ($0.06 per share) compared to a net loss of $ 322,762 ($0.03 per share) and net loss of $693,744 ($0.07 per share) in the same periods of 2021 on a post-consolidated basis.

- Trade accounts receivable includes $6,928 owing from customers with $7,888 past due in 31 – 180 days. The Company recorded a total allowance for doubtful accounts of $960 which has been netted against trade receivables.

- Trade and other payables decreased from $706,565 at December 31, 2021 to $382,913 at December 31, 2022. This decrease is mainly due to recovery of trade and other payables.

Overall Performance

Trade and other receivables

Trade and other receivables decreased to $6,928 at the end of December 31, 2022 compared to $4,813 at the end of December 31, 2021 due to some customers have agreements with company regarding the payment period.

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 both 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.

Trade accounts receivable includes $6,928 owing from customers with $7,888 past due in 31 – 180 days. The Company recorded a total allowance for doubtful accounts of $960 which has been netted against trade receivables. Given this business practice, the Company currently believes its allowance for doubtful accounts is adequate but continues to monitor its outstanding receivables.

Inventory

The inventory value of $16,813 at December 31, 2022. Inventory included $2,447 of purchased components and $14,366 of finished goods. The Company recorded a recovery for inventory obsolescence of $16,312.

Prepaid expenses

The prepaid expenses are $22,637 at December 31, 2022 which includes the facility rental deposit and prepaid regulatory expense.

Revenues

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Total revenues	**$ 76,285**	$ 22,330	**$ 223,404**	$ 253,325
Percentage change from corresponding prior year period	**242%**	-75%	**-12%**	**-24%**

Gross revenues for the three months ended December 31, 2022 increased by 242 percent and twelve months ended December 31, 2022 decreased 12 percent respectively compared to the same periods in 2021. Gross revenues for the three and twelve months ended December 31, 2022 were $76,285 and $223,404, compared to $22,330 and $253,325 respectively in the same periods of 2021.

Gross Profit

	Three months ended December 31,				Year ended December 31,			
		2022		2021		**2022**		2021
Gross profit (loss)	**$**	**60,012**	$	(51,076)	**$**	**156,981**	$	122,091
Percentage of sales		**79%**		-229%		**70%**		48%

Gross profit for the three months and Gross margins for twelve months ended December 31, 2022 were $60,012 (79 percent) and $156,981 (70 percent) compared to -$51,076 (-229 per cent) and $122,091 (48 percent) respectively, for the same periods in 2021.

Expenses - Sales and marketing, General and Administration and Research and development (SAR)

	Three months ended December 31,				Year ended December 31,			
		2022		2021		**2022**		2021
Expenses- SAR	**$**	**81,751**	$	245,078	**$**	**836,504**	$	714,731
Percent of sales		**107%**		1098%		**374%**		282%

SAR consist principally of salaries and other costs associated with the Company's sales force and marketing activities and administration. Marketing expense is in the form of advertising, promotions, travel and post-sales support and service for sales and marketing.

Expenses (sales, general and administrative, and research and development expenses) for the year ended December 31, 2022 were $836,504, compared to $714,731 in 2021.

Foreign Exchange (Gain) / Loss

	Three months ended December 31,				Year ended December 31,			
		2022		2021		**2022**		2021
Foreign exchange loss (gain)	**$**	**(9,027)**	$	4,397	**$**	**141,545**	$	4,239
Percentage of sales		**-12%**		20%		**63%**		2%

During the three and twelve months periods ended December 31, 2022, the Company incurred a foreign exchange gain of $9,027 and $141,546, compared to foreign exchange loss of $4,397 and $4,239, respectively for the same periods in 2021. The main reason for the change year over year is exchange rate change and does not have the ability to hedge. The foreign exchange loss was impacted as a result of the Canadian dollar decreasing versus the USD. The principal currencies to which the Company is exposed are the US dollar in 2022.

The Company did not enter into any foreign currency forward contracts during 2022 and 2021. The Company endeavors to maintain a natural hedge between receivables and payables denominated in US dollars. The Company is limited in the amount of forward contracts into which it can enter. As at December 31, 2022, the Company had no outstanding forward contracts.

Warranty Expense / (Recovery)

	Three months ended December 31,				Year ended December 31,			
		2022		2021		**2022**		2021
Warranty expense (recovery)	**$**	**(2,371)**	$	(31,702)	**$**	**4,864**	$	(20,430)
Percentage of sales		**-3%**		-142%		**2%**		-8%

An estimate of warranty claims is recognized at the time of sale and a liability is set up on the balance sheet. Cost of parts issued under warranty is adjusted against the warranty provision and on expiry of the warranty period the unused warranty provision is recognized as a warranty recovery on the consolidated statement of operations and comprehensive loss.

In 2022, the Company recorded a net warranty expense of $4,864 compared to a warranty recovery of $20,430 in 2021.

Share-based payments

Stock based payments expense for 2022 and 2021 was $nil. There were no stock option grants in 2022. Because past granted stock options vested immediately, there were no period costs for stock based compensation recorded in 2022.

Bad debts expense

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Bad debts expense (recoveries)	**$ -**	$ -	**$ -**	$ 2,088
Percentage of revenue	**0%**	0%	**0%**	1%

The Company record $nil bad debt expense in 2022 compared to the bad debt expense of $2,088 in year 2021.

Depreciation and Amortization

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Depreciation and amortization	**$ 19,349**	$ 19,124	**$ 77,195**	$ 63,297
Percentage of sales	**25%**	86%	**35%**	25%

The Company recognize its new facility lease assets under IFRS 16 in December 2021 and amortize the lease asset in 2021 and 2022.

Recovery of trade and other payables

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Recovery of trade and other payables	**$ 380,298**	$ -	**$ 380,298**	$ -
Percentage of sales	**499%**	0%	**170%**	0%

The Company realized the recovery of trade and other payables in 2022, which includes $318,000 of accrued wages payable and $62,298 of trade payables. The accrued wages were initially recorded in 2011, in 2017 in connection with legal claims related to terminations, the case against the Company was dropped without costs. The trade payables are from 2014 and the Company has had no contact with the vendor since 2018. The Company recorded $380,298 recovery of trade and other payables in 2022.

Interest Expense

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Interest expense	**$ 44,609**	$ 22,369	**$ 154,277**	$ 96,865
Percentage of sales	**58%**	100%	**69%**	38%

Interest expense for the three and twelve months ended December 31, 2022 was $44,609 and $154,277, respectively, compared to interest expense of $22,369 and $96,865 for the same periods in 2021. The increase in interest expense for 2022 relates to the USD Promissory Notes borrowed from the directors. The Company entered into USD Promissory Notes (annual interest rate 6% and due on demand) with its directors in 2022 and 2021.

Net Profit (Loss)

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Net profit (loss)	**$ 172,405**	$ (322,762)	**$ (595,047)**	$ (693,744)

Net profit for the three months ended December 31, 2022 was $ 172,405 ($0.02 per share) and net loss for the twelve months ended December 31, 2022 was $595,047 ($0.06 per share) compared to a net loss of $ 322,762 ($0.03 per share) and net loss of $693,744 ($0.07 per share) in the same periods of 2021 on a post-consolidated basis.

Share capital

The Company's shares trade on the TSX Venture Exchange under the symbol IDL.

Common shares outstanding and dilutive instruments as at the date hereof are as follows:

	April 28, 2023	December 31, 2022	December 30, 2021
Common shares outstanding	10,334,550	10,334,550	10,334,550
	10,334,550	10,334,550	10,334,550

Selected Annual Information

As at December 31,	2022	2021	2020
Cash and cash equivalents	$ 28,365	$ 48,111	$ 118,322
Current assets	74,743	107,378	244,989
Total assets	306,163	412,465	549,286
Total liabilities	3,074,743	2,585,998	2,029,075
Working capital (deficiency)	(2,842,134)	(2,233,344)	(1,485,283)

For the year ended December 31,	2021	2021	2020
Revenue	$ 223,404	$ 253,325	$ 334,392
Gross profit	156,981	122,091	230,592
Gross profit percentage	70.27%	48.20%	68.96%
Net income (loss)	(595,047)	(693,744)	(563,349)
Net comprehensive income (loss)	(595,047)	(693,744)	(563,349)
Basic and diluted income (loss) per share (*)	$ (0.06)	$ (0.07)	$ (0.05)
Weighted average common shares outstanding (*)	10,334,550	10,334,550	10,334,550

Selected Quarterly Information

The following selected financial data has been extracted from the unaudited interim consolidated financial statements, prepared in accordance with IFRS, for the fiscal periods indicated and should be read in conjunction with those audited financial statements

As at	December 31, 2021	September 30, 2022	June 30, 2022	March 31, 2022
Cash and cash equivalents	$28,365	$45,396	$54,279	$34,413
Current assets	74,743	97,196	105,155	64,662
Total assets	306,163	347,965	375,273	352,202
Total liabilities	3,074,743	3,288,950	2,994,940	2,690,356
Working capital (deficiency)	(2,842,134)	(2,990,840)	(2,672,208)	(2,395,100)
For the three months ended	**December 31, 2021**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Revenues	$76,285	$49,196	$53,659	$44,264
Gross profit (loss)	60,012	34,134	43,848	18,987
Gross profit percentage	78.7%	69.4%	81.7%	42.9%
Net loss	172,405	(321,318)	(281,513)	(164,621)
Net Comprehensive loss	172,405	(321,318)	(281,513)	(164,621)
Basic and diluted loss per share	$ 0.33	$ (0.03)	$ (0.03)	$ (0.02)
Weighted average common shares outstanding (*)	516,727	10,334,550	10,334,550	10,334,550

As at	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Cash and cash equivalents	$48,111	$56,683	$20,833	$22,703
Current assets	107,378	215,537	150,353	165,892
Total assets	412,465	475,662	425,202	455,465
Total liabilities	2,585,998	2,326,433	2,033,919	2,007,175
Working capital (deficiency)	(2,233,344)	(1,843,803)	(1,603,059)	(1,548,645)
For the three months ended	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**
Revenues	$22,330	$13,205	$149,091	$68,699
Gross profit	(51,076)	7,982	106,962	$58,223
Gross profit percentage	-228.7%	60.4%	71.7%	85%
Net loss	(322,762)	(242,054)	(57,007)	(71,921)
Net Comprehensive loss	(322,762)	(242,054)	(57,007)	(71,921)
Basic and diluted loss per share (*)	$ (0.03)	$ (0.02)	$ (0.01)	$ (0.01)
Weighted average common shares outstanding (*)	10,334,550	10,334,550	10,334,550	10,334,550

Related Party Transactions

Related party transactions are documented in detail in the financial statements. For the year ended December 31, 2022, refer to details of related party transactions in note 17 to financial statements.

Off-Balance Sheet Arrangements

At the date of this report, the Company had no off-balance sheet arrangements.

Financial Instruments and Other Instruments

The risk of financial instruments and other instruments is documented in detail in the financial statements. For the year ended December 31, 2022, refer to detail of financial risk management in note 20 to financial statements.

Other Event

The Company received a Promissory Note of USD$97,073 on January 11, 2023 from its Shareholders, Directors and other related associations. The Promissory Note bears interest at 6% per annum and is due on demand.

The Company received a Promissory Note of USD$65,946 on January 19, 2023 from its Shareholders, Directors and other related associations. The Promissory Note bears interest at 6% per annum and is due on demand.

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The Company received a Promissory Note of USD$35,565 on April 18, 2023 from its Shareholders, Directors and other related associations. The Promissory Note bears interest at 6% per annum and is due on demand.

Risk Factors

In the normal course of business, the Company's operations are influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition, and operating results.

The activities of the Company are subject to ongoing operational risks including the performance of key suppliers, product performance, governmental and other industry regulations, operating in foreign countries and reliance on information systems, all of which may affect the ability of the Company to meet its obligations. While management believes its innovation and technology make it a leader in the industry, revenue and results may be affected if products are not accepted in the marketplace, are not approved by regulatory authorities, or if products are not brought to market in a timely manner.

a) Impact of Current Economic Environment

The Company may experience increased price pressure and other competitive pressures as customers adjust to the current environment. The Company also expects that the global economic environment will impact the financial condition of some of the Company's customers and suppliers. The Company will continue to closely monitor its customers' ability to pay their receivables and monitor the Company's suppliers in an effort to ensure consistency of supply. The interruption of supply from a supplier, especially for single sourced components, could have a significant impact on the Company's operations and its customers, if the Company is unable to deliver finished product in a timely manner.

b) Risks Related to Current Global Financial Markets

The Company is subject to counter-party risk and liquidity risk. The Company is exposed to various counter-party risks including, but not limited to: (i) through financial institutions that hold the Company's cash; (ii) through customers, dealers, distributors and OEM's that have payables to the Company; (iii) through the Company's insurance providers; (iv) through the Company's lenders; and (v) through companies that have received deposits from the company for the future delivery of parts for the company's products. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favorable to the Company. If these increased levels of volatility and market turmoil continue, the Company's planned growth could be adversely impacted and the trading price of the Company's securities could also be adversely affected.

c) Key Personnel

The DR industry involves a high degree of risk, which a combination of experience, knowledge and careful business evaluation may not be able to overcome. The success of the Company is dependent on the services of its senior management. The experience of these individuals will be a factor contributing to the Company's continued success and growth. The loss of one or more of its key employees could have a material adverse effect on the Company's operations and business prospects. In addition, the Company's future success will depend in large part on its ability to attract and retain additional highly skilled technical, management, manufacturing, sales and marketing personnel. There can be no assurance that the Company will be successful in attracting and retaining such personnel and the failure to do so could have a material adverse effect on the Company's business, operating results and financial condition.

d) Accounts Receivable, Allowance for Doubtful Accounts & Bad Debts

The Company evaluates the collectability of its trade receivables based upon a combination of factors on a periodic basis. The Company records an expected credit loss model to reduce the customer's related trade receivable to its estimated net realizable value. If circumstances related to specific customer’s change, the Company's estimates of the recoverability of trade receivables could be further adjusted. It should be noted that the Company does not usually sell to the end user and as such has limited recourse in collecting any delinquent balances.

e) Additional Financing Requirements

The Company currently does not have the necessary financing in place to support short term operating losses, and is not able to support sustained operating losses. Historically, the Company has financed its operations and investments through the use of funds obtained from share issuances and debt financing. These matters raise significant doubt about the Company’s ability to continue as a going concern and the appropriateness of the use of accounting principles applicable to a going concern. The Company’s continuation as a going concern is dependent upon, amongst other things, attaining a satisfactory revenue level, the generation of cash from operations and the ability to secure new financing arrangements and new capital.

The Company is considering various alternatives to remedy any future shortfall in capital. Options open to the Company are to raise capital through equity markets, debt markets or other innovative financing arrangements, including partnership or licensing arrangements that may be available for continued operations. There is no assurance this capital will be available and if it is not, the Company may be forced to substantially curtail or cease operations. 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.

f) Protection of Intellectual Property

Although the Company does not believe that its products infringe the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defence thereof which could have a material adverse affect on the Company's business, financial condition or results of operations. The Company's performance and ability to compete are dependent to a significant degree on its proprietary technology. The Company relies on its patents and a combination of copyright and trade secret laws, as well as confidentiality agreements and technical measures, to establish and protect its proprietary rights. As part of its confidentiality procedures, the Company generally, enters into agreements with its employees and consultants and limits access to and distribution of its documentation and other proprietary information.

Accordingly, while the Company will endeavour to protect its intellectual property, there can be no assurance that the steps taken by the Company will prevent misappropriation of its technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Company little or no effective protection of its intellectual property. While the Company's technology is developed and owned by the Company, it may in the future also rely on technology licenses from third parties. There can be no assurance that these third party licences will be, or will continue to be, available to the Company on commercially reasonable terms. The loss of, or inability of the Company to maintain, any of these technology licences could result in delays in completing its product enhancements and new developments until equivalent technology can be identified, licensed or developed and integrated. Any such delays would materially adversely affect the Company's business, financial condition and results of operations.

g) Competition

The Company may not be able to compete successfully against current and future competitors, and the competitive pressures the Company faces could harm its business and prospects. Broadly speaking, the market for Digital Radiography is approaching maturity and is highly competitive. The level of competition is likely to increase as current competitors improve their product offerings and as new participants enter the market. Many of the Company's current and potential competitors have longer operating histories, larger customer bases, greater name and brand recognition, and significantly greater financial, sales, marketing, technical, and other resources than the Company. Additionally, these competitors have research and development capabilities that may allow them to develop new or improved products that may compete with products the Company markets and distributes. New technologies and the expansion of existing technologies may also increase competitive pressures on the Company. Increased competition may result in reduced operating margins as well as loss of market share. This could result in decreased usage of the Company's products and may have a material adverse affect on the Company's business, financial condition and results of operations.

h) Implementation Delays

Many of the Company's customers will be in the initial adopter stage of utilizing the Company's products and may encounter delays or other problems in the introduction or implementation of the Company's products. A decision not to do so, or a delay in implementation, could result in a delay or loss of related revenue or could otherwise harm the Company's business and prospects. The Company will not be able to predict when a customer that is in an early adopter use phase will adopt a broader use of the Company's products.

i) Developing Markets

The market for the Company's products is relatively new in Emerging Markets and continues to evolve in established markets. The adoption and use of the Company's products will involve changes in the manner in which medical facilities have traditionally used such products. In some cases, the Company's customers will have little experience with products like those offered by the Company. The Company's ability to influence usage of its products by customers will be limited or non-existent. The Company will spend considerable resources educating potential customers about the value of the Company's products. It is difficult to assess, or predict with any assurance, the present and future size of the potential market for the Company's products, or its growth rate, if any. Moreover, the Company cannot predict whether its products will achieve broad market acceptance. The Company's ability to achieve its business objectives also depends upon rapid market acceptance of future enhancements to its products. Any enhancement that is not favorably received by customers may not be profitable and, furthermore, could damage the Company's reputation or brand name.

j) Technological Change

The Digital Radiography industry is susceptible to technological advances and the introduction of new products utilizing new technologies. Further, the Digital Radiography industry is also subject to changing industry standards, market trends and customer preferences, and to competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of the Company will depend on its ability to secure technological superiority in its products and maintain such superiority in the face of new products. While the Company believes that its products will be competitive, no assurances can be given that the products of the Company will be commercially viable or that further modification or additional products will not be required in order to meet demands or to make changes necessitated by developments made by competitors which might render the products of the Company less competitive, less marketable, or even obsolete over time. The future success of the Company will be influenced by its ability to continue to develop or offer new competitive products through OEM relationships.

Although the Company is committed to the development of new products and the improvement of its existing products, there can be no assurance that these research and development activities will prove profitable, or that products or improvements resulting there from, if any, will be successfully produced and marketed. The Digital Radiography industry is characterized by technological change, changes in user and customer requirements, new product introductions and new technologies, and the emergence of new industry standards and practices that could render the Company's technology obsolete or have a negative impact on sales margins the Company's product may command. The Company's performance will depend, in part, on its ability to enhance its existing products, develop new proprietary technology that addresses the sophisticated and varied needs of its prospective customers and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis.

The development of technology entails significant technical and business risks. There can be no assurance that the Company will be successful in using new technologies effectively or adapting its products to customer requirements or emerging industry standards.

k) Strategic Alliances

The Company's growth and marketing strategies are based, in part, on seeking out and forming strategic alliances and working relationships with suppliers and distribution channels. To date, the strategic alliances negotiated by the Company have not been exclusive or restricted as to location or technological environment. This strategy has afforded the Company the necessary flexibility to broaden its distribution by increasing the number of strategic alliances and working relationships. There can be no assurance that existing strategic alliances and working relationships will not be terminated or modified in the future, nor can there be any assurance that new relationships, if any, will afford the Company the same flexibility under which the Company currently operates.

l) Resolution of Product Deficiencies

Difficulties in product design, performance and reliability could result in lost revenue, delays in customer acceptance of the Company's products and/or lawsuits, and would be detrimental, perhaps materially, to the Company's market reputation. Some product deficiencies are typically found during the period immediately following the introduction of new products or enhancements to existing products. Undetected software bugs or product performance problems may be discovered in the future. Moreover, known errors which the Company considers minor may be considered serious by its customers. If the Company's internal quality assurance testing or customer testing reveals performance issues and/or desirable feature enhancements, the Company could postpone the development and release of updates or enhancements to its current products or the release of new products. The Company may not be able to successfully complete the development of planned or future products in a timely manner, or to adequately address product defects, which could harm the Company's business and prospects. In addition, product deficiencies may expose the Company to liability claims, for which the Company may not have sufficient liability insurance. A successful law suit against the Company could harm its business and financial condition.

m) Management of Growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects.

While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses.

In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems and will be adequate to support the Company's operations.

n) Negative Cash Flow & Absence of Profits

The Company has been unable to consistently generate profits and there is no assurance that it will be able to in the future. A significant portion of the Company's financial resources will continue to be directed to working capital, the ongoing improvement and development of its products, and channel related marketing activities. There is no assurance that future revenues will be sufficient to generate the required funds to continue business development and marketing activities.

o) Exchange Rate Fluctuations

The Company will transact the majority of its sales in US dollars, while a large portion of the Company's operating expenses will be in Canadian dollars. Even though the Company periodically has hedging programs in place to manage the potential exposure to fluctuations in the US/ Canadian dollar exchange rate, fluctuations in the US/ Canadian dollar exchange rate will impact the Company's earnings and cash flows.

Currently the Company is not entering into any hedging programs due to the non-availability of a credit facility with its bank.

p) Expansion into International Markets

The Company may choose to invest significant financial and managerial resources to the continued improvement and development of its products. Should it find it necessary to do so, the cost of opening new offices abroad and hiring new personnel for such offices could significantly decrease the Company's profitability if such new offices do not generate sufficient additional revenue within the same fiscal period.

A key component of the Company's strategy will be to further expand into international markets including Latin America, the Middle East, and Asia and the Company must devote substantial resources to its international operations in order to succeed in these markets. In this regard, the Company may encounter difficulties such as: (i) unexpected changes in regulatory requirements and trade barriers applicable to the Company's business; (ii) challenges in staffing and managing foreign operations, including employment laws and practices in jurisdictions with different legal systems; (iii) seasonal reductions in business activity and economic downturns; (iv) longer payment cycles and problems in collecting accounts receivable; (v) different technology standards; and (vi) reduced protection for intellectual property rights in certain countries in which the Company may operate. In addition, the Company's focus on international markets subjects it to fluctuations in currency exchange rates and, depending on the jurisdiction, foreign currency exchange laws. Any of the foregoing difficulties of conducting business internationally could harm the Company's international operations and, consequently, its business and prospects.

q) Dependence on Third Party Suppliers

The Company has established relationships with certain third party suppliers upon whom it presently relies to provide certain key materials and components for completion of its products. In the event of the inability of these third parties to supply those materials and components in a timely manner or to supply materials and components that continue to meet the Company's quality, quantity or cost requirements, the Company will be required to purchase these materials and components from another supplier. If another supplier who can supply the materials and components in a timely manner or that meet the Company's quality, quantity, or cost requirements cannot be found, then the Company's ability to manufacture its products will be negatively impacted.