

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **Positron Corporation**

1777 Maryland Ave  
Niagara Falls, NY 14305  
(317) 576-0183  
www.positron.com  
investor@positron.com

**3845 - Electromedical & Electrotherapeutic Apparatus**

## **Quarterly Report**

For the period ending March 31, 2024  
(the "Reporting Period")

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

25,930,008 as of March 31, 2024

24,930,008 as of December 31, 2023

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: ☐ No: ☒

### **1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

N/A

Current State and Date of Incorporation or Registration: Texas; December 20, 1983

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

N/A

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address(es) of the issuer's principal executive office:

1777 Maryland Ave.  
Niagara Falls, NY 14305

The address(es) of the issuer's principal place of business:

☒ Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

## 2) Security Information

### **Transfer Agent**

Name: Continental Stock Transfer  
Phone: (212) 509-4000  
Email: svacante@continentalstock.com  
Address: 1 State Street, New York, NY 10004-1561

### **Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	POSC
Exact title and class of securities outstanding:	Common
CUSIP:	737397604
Par or stated value:	\$0.0001
Total shares authorized:	6,000,000,000 as of date:03/31/24

Total shares outstanding:	25,930,008	as of date:03/31/24
Total number of shares in Public Float:	11,325,456	as of date:03/31/24
Total number of shareholders of record:	472	as of date:03/31/24

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

N/A

**Other classes of authorized or outstanding equity securities:**

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	Preferred Series A	
CUSIP (if applicable):	737397PFD	
Par or stated value:	\$1.00	
Total shares authorized:	5,450,000	as of date: 03/31/24
Total shares outstanding (if applicable):	435,085	as of date: 03/31/24
Total number of shareholders of record:	29	as of date: 03/31/24

Exact title and class of the security:	Preferred Series B	
CUSIP (if applicable):	N/A	
Par or stated value:	\$1.00	
Total shares authorized:	9,000,000	as of date: 03/31/24
Total shares outstanding (if applicable):	192,000	as of date: 03/31/24
Total number of shareholders of record:	23	as of date: 03/31/24

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

**Security Description:**

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

**1. For common equity, describe any dividend, voting and preemption rights.**

Each share of Common Stock is entitled to one vote per share.

**2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

**Series A, Preferred Stock**

Shares Authorized: 5,450,000. Shares Outstanding: 435,085. Par value: \$1.00 per share. Series A shares vote on an as converted to common stock. Series A is senior to Common Stock and Series B in liquidation. While Series A is outstanding or any accrued dividends remain unpaid, no common stock dividends may be declared by the Company. The Series A shares are convertible at the sole option of the Holder, into a number of shares of common stock equal to the number of shares being converted divided by the conversion price applicable to the current per share price of the Common Stock, initially \$1.33. The Series A shares may be redeemed at the sole option of the Company at \$1.46 per share plus any undeclared and/or unpaid dividends if the trading price of the Company's common stock has closed above \$2 per share for twenty consecutive trading days. (If converted into common stock each share of Series A is

convertible into 1 share of common stock and will be adjusted for a prior reverse stock split of 400:1, resulting in an additional 1,088 shares of common stock issued and outstanding on March 31, 2024, and December 31, 2023, respectively). There have been no conversions of Series A Preferred Stock.

### **Series B, Preferred Stock**

Shares Authorized: 9,000,000. Shares Outstanding 192,000. Par value: \$1. Holders of Series B are entitled to 1 vote per share. Series B is senior to the Company's Common stock and junior to Series A in liquidation. Series B may be redeemed at the option of the Company at any time at a price of \$1.00 per share. (If converted into Common stock each share of Series B is convertible into 100 shares of common stock and will be adjusted as a result of the prior reverse stock split of 400, resulting in an additional 48,000 shares of common stock issued and outstanding on March 31, 2024, and December 31, 2023, respectively). There have been no conversions of Series B Preferred Stock.

3. **Describe any other material rights of common or preferred stockholders.**

None

4. **Describe any material modifications to the rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None

### **3) Issuance History**

*The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.***

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### **A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal and any subsequent period.**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> 12/31/23 Common: 24,930,008 Preferred Series A: 435,085 Preferred Series B: 192,000									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
2/28/23	New	500,000	Common	\$375,000	No	Patagonia Medical Ventures; Control Person: Ronald Stewart	Cash	Restricted	NA
8/14/23	New	500,000	Common	\$500,000	No	George Ortiz	Cash	Restricted	NA
9/06/23	New	500,000	Common	\$500,000	No	George Ortiz	Cash	Restricted	NA
2/09/24	New	1,000,000	Common	\$1,000,000	No	George Ortiz	Cash	Restricted	N/A
Shares Outstanding on Date of This Report:  <u>Ending Balance:</u> 03/31/24 Common: 25,930,008 Preferred Series A: 435,085 Preferred Series B: 192,000									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022, through December 31, 2023, pursuant to the tabular format above.

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder.  *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
12/2012	\$310,000	\$380,000	0	Due on Demand	55% weighted average volume for three days preceding conversion.	Corey Conn (former CFO)	Advance

8/2022	\$1,396,604	\$1,200,000	\$196,604	September 2024	NA	TISU Investments Tis Prager (Board of Director)	Note Payable Related Party
4/2023	\$250,000	\$500,000	\$29,643	September 2024	NA	TISU Investments Tis Prager (Board of Director)	Note Payable Related Party

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

#### 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on [www.OTCMarkets.com](http://www.OTCMarkets.com).

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Positron Corporation is a molecular imaging device company that offers a state-of-the-art PET imaging system and clinical services to nuclear medicine healthcare providers throughout North America. Positron specializes in the field of cardiac Positron Emission Tomography (PET) imaging, the gold standard in cardiac diagnostics. Positron's innovative PET technology, clinical services and imaging practice solutions enables healthcare providers to accurately diagnose coronary artery disease and improve patient outcomes through providing superior cost-effective medicine.

Positron's dedicated PET only device "the Attrius®" market position and approach in facilitating the adoption of cardiac PET are substantial advantages to the growth of the cardiac PET imaging market and Positron.

Positron is expanding its product line to include a PET-CT imaging device, named Affinity PET-CT 4D, Positron has sponsored a clinical study of its PET-CT with healthcare industry leader Ochsner Clinic of New Orleans. The objective of the clinical study is to validate the capabilities of Positron's PET-CT system and demonstrate its performance, efficacy, and utilization. Positron has submitted an Investigational Device Exemption as required by the FDA for the Clinical Study and is currently in the process of acquiring a 510(k). A 510k is a regulatory process that grants medical device manufacturers the ability to market their eligible products in the US. This process is achieved following the submission of comprehensive documentation to demonstrate the intended use, design, and performance. The process aim is to demonstrate "substantive equivalence" to an already cleared "predicate device". Upon receiving and amending the 510(k), to include the Affinity device, the Company will receive a Market Clearance status from the FDA. Once Positron receives Market Clearance the Company will launch its Affinity PET-CT 4D molecular imaging system.

Positron's Affinity PET-CT 4D imaging system will enable nuclear cardiologists to utilize the full capabilities available in molecular imaging and nuclear cardiology.

Positron's new Affinity PET-CT 4D system enables the Company to enter the oncology imaging arena and fully address and meet the needs and demands of the vast oncology diagnostics marketplace.

Positron, through an exclusive cooperation agreement with Shenyang Intelligent Nuclear Medical Technology Co. Ltd., a wholly owned subsidiary of Neusoft Medical Systems (Neusoft) has developed Positron's new PET-CT 4D system which Positron will manufacture, sell, service and provide clinical services and full support over the lifetime of the system throughout North America.

Neusoft, through a joint venture with Positron produces Positron's Attrius PET system which is at the core of the technology for Positron new PET-CT 4D system. Over the past few years, both Neusoft and Positron have worked diligently towards this next phase of their business relationship in providing the best PET-CT system(s) available on the market. Positron's expansion to PET-CT was key to the Company's future on multiple imaging disciplines, likely setting Positron on a path for exponential growth upon the launch of the new PET-CT 4D system. Positron's PET-CT system enables the Company to meet the new demands of the nuclear cardiology community as well giving Positron the tools to enter and thrive in the

oncology segment of the nuclear imaging market with what the Company's believes is the best product at the best price with the ability to service all healthcare providers.

B. List any subsidiaries, parent company, or affiliated companies.

None

C. Describe the issuers' principal products or services.

Currently, Positron offers nuclear cardiologists our cost-effective Attrius® PET nuclear imaging device, technical and clinical services, and can provide innovative financing solutions to meet the needs of hospitals and medical imaging practices. Positron's products and services empower healthcare providers to more accurately diagnose CAD and improve patient outcomes, while practicing cost effective medicine. We believe Positron's approach will bring substantial advantages in accelerating the adoption of cardiac PET and growth of the nuclear cardiology industry.

Positron will soon offer a state-of-the-art PET-CT 4D molecular imaging device that will enable nuclear cardiologists to utilize the full capabilities available in molecular imaging and nuclear medicine. Positron's PET-CT also allows the Company to expand and service the needs of the vast oncology diagnostics marketplace.

Positron's PET-CT system will provide superior nuclear imaging technology that is necessary for current and future imaging diagnostics in the fields of cardiology, oncology, and neurology. The addition of Positron's PET-CT 4D is the most significant advancement in the Company's expansion and the Company believes that it will have extraordinary demand in all disciplines of nuclear imaging. Positron's PET-CT 4D system provides superior value that simply delivers a better, faster, smaller footprint and less expensive imaging technology for nuclear cardiology and the broader oncology markets.

## 5) Issuer's Facilities

*The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.*

In responding to this item, please clearly describe the assets, properties, or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

Positron's Headquarters is in Niagara Falls, NY. This facility is the main hub for services & parts, purchasing, logistics and shipping functions. The Company continues to maintain select service parts at a repair facility in Houston, TX. On March 17, 2022, the Company executed a five (5) year lease extension for its office space that will cover the period June 1, 2022, through May 31, 2027. Payments for the first three (3) years will be \$1,600 per month, and for years four (4) and five (5) will be \$1,700 per month. The Company also has an option to renew the lease for an additional five (5) years through May 31, 2032. The Company seeks to expand its square footage in Niagara Falls within the same location when and if space becomes available.

## 6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity.

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

*The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling, or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.*

<b>Names of All Officers, Directors and Control Persons</b>	<b>Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)</b>	<b>Residential Address (City / State Only)</b>	<b>Number of shares owned</b>	<b>Share type/class</b>	<b>Ownership Percentage of Class Outstanding</b>	<b>Names of control person(s) if a corporate entity</b>
Adel Abdullah	President/Chairman	793 Center Street Lewiston, NY 14092	0		0	
Aaron Hargrave	Vice President	540 Greenfield Rd Lewiston, NY 14092	0		0	
TISU Investments Tis Prager	Shareholder/Director	Peteracher 14 8126 Zumikon Switzerland	6,573,373	Common	25%	
Lars Snijders	Shareholder	Zandberglaan 17 Breda, 4818GH, The Netherlands	4,000,000	Common	15%	
PACNO Family Trust Julia Rzeppa (Trustee)	Shareholder	3801 Washington St Oak Brook, IL 60523	3,000,310	Common	12%	
George Ortiz	Shareholder	28 Boulevard de Belgique Monaco MC 98000	2,000,000	Common	8%	

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

## 7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

NO

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

NO

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding, or judgment has not been reversed, suspended, or vacated;

NO



4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

NO

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NO

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

NO

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

NO

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

### **Securities Counsel (must include Counsel preparing Attorney Letters).**

Name: Peter Campitiello  
Firm: McCarter & English, LLP  
Address 1: Two Tower Center Boulevard, 24<sup>th</sup> Floor  
Address 2: East Brunswick, NJ 08816  
Phone: 732 867-9741  
Email: pcampitiello@mccarter.com

### **Accountant or Auditor**

Name: Elliot Berman  
Firm: Berman Audit & Advisory, PA  
Address 1: 551 NW 77<sup>th</sup> Street, Suite 201  
Address 2: Boca Raton, FL33487  
Phone: 954 729-3025  
Email: eberman@bermanauditadvisorycpa.com

### **Investor Relations**

Name: NA  
Firm:

Address 1:  
Address 2:  
Phone:

All other means of Investor Communication:

X (Twitter): @positronIR  
Discord: NA  
LinkedIn Positron-Corporation  
Facebook: NA

### **Other Service Providers**

Provide the name of any other service provider(s) **that assisted, advised, prepared, or provided information with respect to this disclosure statement.** This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

None

### **9) Disclosure & Financial Information**

A. This Disclosure Statement was prepared by (name of individual)

Name: Adel Abdullah  
Title: President  
Relationship to Issuer: President

B. The following financial statements were prepared in accordance with:

- ☐ IFRS  
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Elliot Berman, CPA, Berman Audit & Advisory, P.A.  
Title: Managing Director  
Relationship to Issuer: Accountant

Describe the qualifications of the person or persons who prepared the financial statements:

The Company's accounting consultant is a CPA with over 25 years of experience performing accounting services for public companies and related filings.

Provide the following qualifying financial statements:

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

### **Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.

- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

## **10) Issuer Certification**

### ***Principal Executive Officer:***

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Adel Abdullah certify that:

1. I have reviewed this Disclosure Statement for Positron Corporation.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

5/15/24

*/s/ Adel Abdullah*

### ***Principal Financial Officer:***

I, Adel Abdullah certify that:

1. I have reviewed this Disclosure Statement for Positron Corporation.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

5/15/24

*/s/ Adel Abdullah*

## **Positron Corporation**

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**Positron Corporation**  
**Balance Sheets**  
**(Unaudited)**

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash	\$ 604,780	\$ 100,653
Accounts receivable	17,747	22,067
Inventory	1,256,862	1,256,862
Prepays and other	1,800	1,800
<b>Total Current Assets</b>	<u>1,881,189</u>	<u>1,381,382</u>
<b>Property and equipment - net</b>	49,978	56,158
<b>Operating lease - right-of-use asset</b>	51,078	55,110
<b>Deposits</b>	275,000	275,000
<b>Total Assets</b>	<u><u>\$ 2,257,245</u></u>	<u><u>\$ 1,767,650</u></u>
<b><u>Liabilities and Stockholders' Equity (Deficit)</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 19,480	\$ 21,458
Accounts payable and accrued expenses - related party	226,247	191,343
Deferred revenue	8,333	24,664
Note payable - related party - net	1,450,000	1,418,325
Operating lease liability	15,308	15,006
Advances payable	310,000	310,000
<b>Total Current Liabilities</b>	<u>2,029,368</u>	<u>1,980,796</u>
<b>Long Term Liabilities</b>		
Operating lease liability	40,260	44,202
<b>Total Long Term Liabilities</b>	<u>40,260</u>	<u>44,202</u>
<b>Total Liabilities</b>	<u>2,069,628</u>	<u>2,024,998</u>
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity (Deficit)</b>		
Series A, preferred stock - \$1 par value; 8% cumulative, convertible, redeemable; 5,450,000 shares authorized; 435,085 and 435,085 shares issued and outstanding, respectively	435,085	435,085
Series B, preferred stock - \$1 par value; convertible, redeemable; 9,000,000 shares authorized; 192,000 and 192,000 shares issued and outstanding, respectively	192,000	192,000
Common stock - \$0.0001 par value, 6,000,000,000 shares authorized 25,930,008 and 24,930,008 shares issued and outstanding, respectively	2,593	2,493
Additional paid-in capital	131,814,944	130,815,044
Accumulated deficit	(132,256,630)	(131,701,595)
Less: treasury stock at cost - 750 and 750 shares, respectively	(375)	(375)
<b>Total Stockholders' Equity (Deficit)</b>	<u>187,617</u>	<u>(257,348)</u>
<b>Total Liabilities and Stockholders' Equity (Deficit)</b>	<u><u>\$ 2,257,245</u></u>	<u><u>\$ 1,767,650</u></u>

The accompanying notes are an integral part of these unaudited financial statements

**Positron Corporation**  
**Statements of Operations**  
**(Unaudited)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Sales</b>	\$ 157,750	\$ 180,750
<b>Cost of sales</b>	245,853	251,192
<b>Gross loss</b>	(88,103)	(70,442)
<b>General and administrative expenses</b>	400,353	161,153
<b>Loss from operations</b>	(488,456)	(231,595)
<b>Other expense</b>		
Interest expense	(34,904)	(29,589)
Amortization of debt discount	(31,675)	(38,272)
<b>Total other expense</b>	(66,579)	(67,861)
<b>Net loss</b>	\$ (555,035)	\$ (299,456)
<b>Loss per share - basic and diluted</b>	\$ (0.02)	\$ (0.01)
<b>Weighted average number of shares - basic and diluted</b>	25,358,579	23,602,230

The accompanying notes are an integral part of these unaudited financial statements

Positron Corporation  
Statements of Changes in Stockholders' Equity  
For the Year Ended December 31, 2023  
(Unaudited)

	Preferred Stock				Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity (Deficit)
	Series A		Series B						Shares	Amount	
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Amount	
December 31, 2023	435,085	\$ 435,085	192,000	\$ 192,000	24,930,008	\$ 2,493	\$ 130,815,044	\$ (131,701,595)	750	\$ (375)	\$ (257,348)
Stock issued for cash (\$1/share)	-	-	-	-	1,000,000	100	999,900	-	-	-	1,000,000
Net loss	-	-	-	-	-	-	-	(555,035)	-	-	(555,035)
March 31, 2024	<u>435,085</u>	<u>\$ 435,085</u>	<u>192,000</u>	<u>\$ 192,000</u>	<u>25,930,008</u>	<u>\$ 2,593</u>	<u>\$ 131,814,944</u>	<u>\$ (132,256,630)</u>	<u>750</u>	<u>\$ (375)</u>	<u>\$ 187,617</u>

The accompanying notes are an integral part of these unaudited financial statements

Positron Corporation  
Statements of Changes in Stockholders' Equity  
For the Three and Six Months Ended June 30, 2023  
(Unaudited)

	Preferred Stock				Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Series A Shares	Series A Amount	Series B Shares	Series B Amount	Shares	Amount			Shares	Amount	
December 31, 2022	435,085	\$ 435,085	192,000	\$ 192,000	23,430,008	\$ 2,343	\$ 129,313,495	\$ (130,063,892)	750	\$ (375)	\$ (121,344)
Stock issued for cash (\$0.75/share)	-	-	-	-	500,000	50	374,950	-	-	-	375,000
Net loss	-	-	-	-	-	-	-	(299,456)	-	-	(299,456)
March 31, 2023	<u>435,085</u>	<u>\$ 435,085</u>	<u>192,000</u>	<u>\$ 192,000</u>	<u>23,930,008</u>	<u>\$ 2,393</u>	<u>\$ 129,688,445</u>	<u>\$ (130,363,348)</u>	<u>750</u>	<u>\$ (375)</u>	<u>\$ (45,800)</u>

The accompanying notes are an integral part of these unaudited financial statements



**Positron Corporation**  
**Statements of Cash Flows**  
(Unaudited)

	<b>For the Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Net loss	\$ (555,035)	\$ (299,456)
Adjustments to reconcile net loss to net cash used in operations		
Amortization of operating lease - right-of-use asset	4,032	4,033
Amortization of debt discount	31,675	38,272
Depreciation expense	6,180	6,442
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts Receivable	4,320	1,080
Increase (decrease) in		
Accounts payable and accrued expenses	(1,978)	(96,464)
Accounts payable and accrued expenses - related party	34,904	29,589
Deferred revenue	(16,331)	5,000
Operating lease liability	(3,640)	(3,361)
<b>Net cash used in operating activities</b>	<b>(495,873)</b>	<b>(314,865)</b>
<b>Financing activities</b>		
Proceeds from stock issued for cash	1,000,000	375,000
<b>Net cash provided by financing activities</b>	<b>1,000,000</b>	<b>375,000</b>
<b>Net increase in cash</b>	<b>504,127</b>	<b>60,135</b>
<b>Cash - beginning of period</b>	<b>100,653</b>	<b>71,336</b>
<b>Cash - end of period</b>	<b>\$ 604,780</b>	<b>\$ 131,471</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Warrants issued as debt issue costs - related party	\$ -	\$ -
Right-of-use asset obtained in exchange for new operating lease liability	\$ -	\$ -

The accompanying notes are an integral part of these unaudited financial statements

**POSITRON CORPORATION**  
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**Note 1 - Organization and Nature of Operations**

**Organization and Nature of Operations**

Positron Corporation (collectively, “we,” “us,” “our” or the “Company”), a Texas Corporation (incorporated December 20, 1983).

Positron Corporation is a molecular imaging device company that offers a state-of-the-art PET imaging system and clinical services to nuclear medicine healthcare providers throughout North America.

Positron specializes in the field of cardiac Positron Emission Tomography (PET) imaging, the gold standard in cardiac diagnostics. Positron’s innovative PET technology, clinical services and practice solutions enables healthcare providers to accurately diagnose coronary artery disease and improve patient outcomes while practicing cost effective medicine.

Positron's dedicated PET system, Attrius® PET, and unique market position are substantial advantages in facilitating the adoption of cardiac PET and the growth of the nuclear imaging market.

Positron is expanding its product line to include a PET-CT imaging device, named Affinity PET-CT 4D, Positron has sponsored a clinical study of its PET-CT with healthcare industry leader Ochsner Clinic of New Orleans. The objective of the clinical study is to validate the capabilities of Positron’s PET-CT system and demonstrate its performance, efficacy, and utilization. Positron will submit an Investigational Device Exemption and a 510(k) with the FDA and upon receiving FDA Clearance Positron will launch its Affinity PET-CT 4D molecular imaging system.

Positron’s Affinity PET-CT 4D imaging system will enable nuclear cardiologists to utilize the full capabilities available in molecular imaging and nuclear cardiology.

Positron’s new Affinity PET-CT 4D system enables the Company to enter the oncology imaging arena and fully address and meet the needs and demands of the vast oncology diagnostics marketplace.

Positron, through an exclusive cooperation agreement with Shenyang Intelligent Nuclear Medical Technology Co. Ltd., a wholly owned subsidiary of Neusoft Medical Systems (Neusoft) has developed Positron’s new PET-CT 4D system which Positron will manufacture, sell, service and provide clinical services and full support over the lifetime of the system throughout North America.

Positron will soon offer its state-of-the-art PET-CT molecular imaging device that will enable nuclear cardiologists to utilize the full capabilities of molecular imaging and nuclear

**POSITRON CORPORATION**  
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medicine. Positron's PET-CT also allows the Company to fully service and meet the demands of the vast oncology diagnostics marketplace.

Positron will continue to advance and manufacture PET and PET-CT technology through its supply, development, and R&D partnership with Shenyang Intelligent Nuclear Medical Technology Co, LTD, a subsidiary of Neusoft Medical Systems.

**Basis of Presentation**

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**Liquidity, Going Concern and Management's Plans**

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

As reflected in the accompanying unaudited financial statements, for the three months ended March 31, 2024, the Company had:

- Net loss of \$555,035; and
- Net cash used in operations was \$495,873

Additionally, at March 31, 2024, the Company had:

- Accumulated deficit of \$132,256,630
- Stockholders' equity of \$187,617; and
- Working capital deficit of \$148,179

The Company has cash on hand of \$604,780 at March 31, 2024. The Company expects to generate sufficient revenues and positive cash flows from operations sufficiently to meet its current obligations. However, the Company may seek to raise debt or equity-based capital at favorable terms, though such terms are not certain.

These factors create substantial doubt about the Company's ability to continue as a going concern within the twelve-month period subsequent to the date that these financial statements are issued. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Accordingly, the financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

**POSITRON CORPORATION**  
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Management's strategic plans include the following:

- Execute business operations more fully during the year ended December 31, 2024,
- Expand its reach within nuclear cardiology with the launch of our PET-CT system which provides greater features and functions now available to nuclear cardiologists and their diagnostic capabilities,
- Enter the vast oncology market with its new PET-CT system with a faster, smaller, more economical solution for practices, hospitals, and patients,
- Explore and execute of prospective strategic and partnership opportunities,
- Pursue to "Up-List" to a more prominent publicly reporting exchange with OTC Markets; and,
- Complete audited financial statements for all required periods needed to pursue an uplist within OTC Markets or file a registration statement with the U.S. Securities and Exchange Commission ("SEC").

**Note 2 - Summary of Significant Accounting Policies**

**Business Segments**

The Company uses the "management approach" to identify its reportable segments. The management approach requires companies to report segment financial information consistent with information used by management for making operating decisions and assessing performance as the basis for identifying the Company's reportable segments. The Company has identified one single reportable operating segment. The Company manages its business on the basis of one operating and reportable segment and derives revenues from selling its product and related services. The Company's long-lived assets are located in the United States.

**Use of Estimates**

Preparing financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates, and those estimates may be material.

Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and other assumptions, which include both quantitative and qualitative assessments that it believes to be reasonable under the circumstances.

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Significant estimates during the three months ended March 31, 2024 and 2023, include valuation of stock-based compensation, estimated useful lives of property and equipment, uncertain tax positions, and the valuation allowance on deferred tax assets.

**Fair Value of Financial Instruments**

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements*. ASC 820 provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company's principal or, in absence of a principal, most advantageous market for the specific asset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

The three tiers are defined as follows:

- Level 1 - Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 - Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The determination of fair value and the assessment of a measurement's placement within the hierarchy requires judgment. Level 3 valuations often involve a higher degree of judgment and complexity. Level 3 valuations may require the use of various cost, market, or income valuation methodologies applied to unobservable management estimates and assumptions. Management's assumptions could vary depending on the asset or liability valued and the valuation method used. Such assumptions could include estimates of prices, earnings, costs, actions of market participants, market factors, or the weighting of various valuation methods. The Company may also engage external advisors to assist us in determining fair value, as appropriate.

Although the Company believes that the recorded fair value of our financial instruments is appropriate, these fair values may not be indicative of net realizable value or reflective of future fair values.

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The Company's financial instruments, including cash, accounts receivable, accounts payable and accrued expenses and accounts payable and accrued expenses – related party, are carried at historical cost. At March 31, 2024 and December 31, 2023, respectively, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments.

ASC 825-10 *"Financial Instruments"* allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value ("fair value option"). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding financial instruments.

**Cash and Cash Equivalents and Concentration of Credit Risk**

For purposes of the statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents.

At March 31, 2024 and December 31, 2023, respectively, the Company did not have any cash equivalents.

The Company is exposed to credit risk on its cash and cash equivalents in the event of default by the financial institutions to the extent account balances exceed the amount insured by the FDIC, which is \$250,000.

At March 31, 2024 and December 31, 2023, the Company had cash in excess of the insured FDIC limit of \$355,382 and \$0, respectively.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding customer balances of annual services contracts. Credit is extended to customers based on an evaluation of their financial condition and other factors. Interest is not accrued on overdue accounts receivable. The Company does not require collateral.

Management periodically assesses the Company's accounts receivable and, if necessary, establishes an allowance for estimated uncollectible amounts. The Company provides an allowance for doubtful accounts based upon a review of the outstanding accounts receivable, historical collection information and existing economic conditions. Accounts determined to be uncollectible are charged to operations when that determination is made.

**POSITRON CORPORATION**  
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Allowance for doubtful accounts was \$0 at March 31, 2024 and December 31, 2023 and 2022, respectively.

For the three months ended March 31, 2024 and 2023, the Company recorded bad debt expense of \$0, respectively.

**Inventory**

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method of inventory valuation. Management assesses the recoverability and establishes reserves of the various inventory components on a quarterly basis and is based on the estimated net realizable values of respective finished inventory.

Inventory consists of finished goods. At March 31, 2024 and December 31, 2023, inventory was \$1,256,862, respectively.

**Deposits**

The Company has deposits on hand with a third-party manufacturer towards the purchase of equipment. At March 31, 2024 and December 31, 2023, deposits were as follows, respectively.

Balance - December 31, 2022	275,000
No activity in 2023	-
Balance - December 31, 2023	<u>275,000</u>
No activity in 2024	-
Balance - March 31, 2024	<u><u>\$ 275,000</u></u>

In connection with the payment of \$1,000,000 in deposits made in 2022 with the manufacturer, the Company was required to pay a research and development and technology transfer fee (NRE Fee) of \$700,000, of which \$210,000 was paid in 2022. Once the equipment has been received into inventory (subject to FDA clearance), the final balance of \$490,000 is due. The Company expects FDA clearance of its PET-CT by the end of 2024.

In the event that the equipment is not validated and approved, the Company has the right to return the equipment for the \$1,000,000 paid less any shipping and handling costs incurred.

The manufacturer will provide a warranty on the equipment and related software for a period of one-year (1) following the closing of the equipment purchase.

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**Impairment of Long-lived Assets**

Management evaluates the recoverability of the Company's identifiable intangible assets and other long-lived assets when events or circumstances indicate a potential impairment exists, in accordance with the provisions of ASC 360-10-35-15 "*Impairment or Disposal of Long-Lived Assets*." Events and circumstances considered by the Company in determining whether the carrying value of identifiable intangible assets and other long-lived assets may not be recoverable include but are not limited to: significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends; and changes in the Company's business strategy. In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets.

If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

There were no impairment losses during the three months ended March 31, 2024 and 2023, respectively.

**Property and Equipment**

Expenditures for repair and maintenance which do not materially extend the useful lives of property and equipment are charged to operations. When property and equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts with the resulting gain or loss reflected in operations.

Management reviews the carrying value of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

There were no impairment losses during the three months ended March 31, 2024 and 2023, respectively.

**Derivative Liabilities**

The Company analyzes all financial instruments with features of both liabilities and equity under FASB ASC Topic No. 480, ("ASC 480"), "*Distinguishing Liabilities from Equity*" and FASB ASC Topic No. 815, ("ASC 815") "*Derivatives and Hedging*". Derivative liabilities are adjusted to reflect fair value at each reporting period, with any increase or decrease in the fair value recorded in the results of operations (other income/expense) as change in fair value of derivative liabilities. The Company uses a binomial pricing model to determine fair value of these instruments.



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Upon conversion or repayment of a debt instrument in exchange for shares of common stock, where the embedded conversion option has been bifurcated and accounted for as a derivative liability (generally convertible debt and warrants), the Company records the shares of common stock at fair value, relieves all related debt, derivatives, and debt discounts, and recognizes a net gain or loss on debt extinguishment.

Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date.

At March 31, 2024 and December 31, 2023, respectively, the Company had no derivative liabilities.

**Debt Discount**

For certain notes issued, the Company may provide the debt holder with an original issue discount. The original issue discount is recorded as a debt discount, reducing the face amount of the note, and is amortized to interest expense over the life of the debt, in the Statements of Operations.

**Debt Issue Cost**

Debt issuance cost paid to lenders, or third parties are recorded as debt discounts and amortized to interest expense over the life of the underlying debt instrument, in the Statements of Operations.

**Warranty Obligations**

The Company offers an assurance type warranty for its products against defects in design, materials, and workmanship for a period of one year from customer acceptance. For these assurance type warranties, a provision for estimated future costs related to warranty expense is recorded when they are probable and reasonably estimable, which is typically when products are delivered. This provision is based on historical information on the nature, frequency, and average cost of claims for each product line. These estimates are re-evaluated on an ongoing basis using best-available information and revisions to estimates are made, as necessary.

The Company has had an insignificant amount associated with providing related warranty services. At March 31, 2024 and December 31, 2023, respectively, the Company has not recorded any liability associated for warranties.

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In addition to the Company warranty, the components supplier also provides a warranty for replacement and service on parts.

At March 31, 2024 and December 31, 2023, respectively, The Company is not aware of any claims made in connection with the warranty.

**Treasury Stock**

We record treasury stock purchases under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Shares are generally issued from treasury stock at the time of grant of restricted stock awards, upon the exercise of stock options, and upon the vesting of performance shares and performance restricted stock units. On the subsequent issuance of treasury shares, we record proceeds in excess of cost as an increase in additional paid in capital. A deficiency of such proceeds relative to costs would be applied to reduce paid-in-capital associated with prior issuances to the extent available, with the remainder recorded as a charge to retained earnings.

**Revenue Recognition**

The Company recognizes revenue according to ASC 606, *Revenue from Contracts with Customers*. When the customer obtains control over the promised goods or services, the Company records revenue in the amount of consideration that can be expected to be received in exchange for those goods and services.

During the three months ended March 31, 2024 and 2023, respectively, the Company primarily recognized revenues from its maintenance contracts, each of which contains a distinct single performance obligation.

The Company determines revenue recognition based upon the following five (5) criteria:

- |        |  |
|--------|--|
| Step 1 | Identification of the contract with the customer   |
| Step 2 | Identification of promised goods and services and evaluation of whether the promised goods and services are distinct performance obligations |
| Step 3 | Determination of the transaction price   |
| Step 4 | Allocation of the transaction price to distinct performance obligations  |
| Step 5 | Attribution of revenue for each distinct performance obligation  |

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Nature of Products and Services

The Company's revenues are derived as follows:

- Clinical, technical and maintenance contracts; and
- Medical imaging equipment and related product sales

*Maintenance Contracts*

Revenue is derived from clinical, technical and maintenance service contracts under which we provide customers with product support, which include the following:

- Priority Response,
- 24/7 clinical and service support,
- Parts, services, preventative maintenance, and software upgrades
- Uptime guarantees,
- Remote access diagnostic/maintenance capabilities,
- Daily quality assurance inspection; and
- Continued physician and technician applications training

Clinical, technical and maintenance service contracts are automatically renewable, generally on an annual basis, unless either party terminates within sixty (60) days after the first year.

These service revenues are billed and earned on a monthly basis, and generally no amounts are paid in advance of the maintenance period.

All performance obligations have been satisfied at the end of each month as services have been rendered to our customers.

*Medical Equipment and Related Product Sales*

The Company recognizes revenues from the sale of medical equipment and services when earned. The Company obtains a signed customer acceptance after installation is complete for the sale of its Attriis® PET systems.

At the time of customer acceptance all performance obligations have been satisfied.

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Remaining Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under Topic 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised good or service to the customer. The Company identifies and tracks the performance obligations at contract inception so that the Company can monitor and account for the performance obligations over the life of the contract.

Remaining performance obligations represent the transaction price of orders for which products have not been delivered or services have not been performed. As of March 31, 2024 and 2023, respectively, the Company had no remaining performance obligations.

Contract Liabilities (Deferred Revenue)

The Company recognizes a contract liability when consideration is received, or if the Company has the unconditional right to receive consideration, in advance of satisfying the performance obligation. A contract liability is the Company's obligation to transfer goods to a customer for which the Company has received consideration, or an amount of consideration due from the customer.

Timing of invoicing to customers may differ from timing of revenue recognition and these timing differences may result in unbilled accounts receivables or contract liabilities (deferred revenue) on the Company's balance sheets. Fees for our maintenance contracts are typically billed in advance on a monthly basis, with payment due within 30 days of billing.

We have an established history of collecting under the terms of our maintenance agreements without providing refunds or concessions to our customers. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined that our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with predictable ways to purchase our maintenance services, not to provide or receive financing. Additionally, we are applying the practical expedient to exclude any financing component from consideration for any contracts with payment terms of one year or less since we rarely offer terms extending beyond one year. The consideration in our customer contracts is fixed.

We have an unconditional right to consideration for all goods and services transferred to our customers. That unconditional right to consideration is reflected in billed and unbilled accounts receivable in the accompanying balance sheets in accordance with ASC Topic 606.

At March 31, 2024 and December 31, 2023, deferred revenues were \$8,333 and \$24,664, respectively.

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The following represents the Company's disaggregation of revenues by type for the three months ended March 31, 2024 and 2023, respectively:

	Three Months Ended March 31,			
	2024		2023	
<u>Sales</u>	<u>Revenue</u>	<u>% of Revenues</u>	<u>Revenue</u>	<u>% of Revenues</u>
Service Income	\$ 157,750	100%	\$ 180,750	100%
<b>Cost of Sales</b>				

Cost of sales predominantly represents salaries, travel, consulting expense, rent expense and job-related materials and supplies.

### **Income Taxes**

The Company accounts for income tax using the asset and liability method prescribed by ASC 740, "Income Taxes". Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 "Income Taxes". Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of March 31, 2024 and December 31, 2023, respectively, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Company recognizes interest and penalties related to uncertain income tax positions in other expense. No interest and penalties related to uncertain income tax positions were recorded during the three months ended March 31, 2024 and 2023, respectively.

### **Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs are included as a component of general and administrative expense in the statements of operations.

The Company recognized \$31,238 and \$3,201 in marketing and advertising costs during the three months ended March 31, 2024 and 2023, respectively.

**POSITRON CORPORATION**  
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**Stock-Based Compensation**

The Company accounts for our stock-based compensation under ASC 718 "*Compensation – Stock Compensation*" using the fair value-based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments.

The Company uses the fair value method for equity instruments granted to non-employees and use the Black-Scholes model for measuring the fair value of options.

The fair value of stock-based compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

When determining fair value of stock options, the Company considers the following assumptions in the Black-Scholes model:

- Exercise price,
- Expected dividends,
- Expected volatility,
- Risk-free interest rate; and
- Expected life of option

**Stock Warrants**

In connection with certain financing, consulting and collaboration arrangements, the Company may issue warrants to purchase shares of its common stock. The outstanding warrants are standalone instruments that are not puttable or mandatorily redeemable by the holder and are classified as equity awards. The Company measures the fair value of the awards using the Black-Scholes option pricing model as of the measurement date. Warrants issued in conjunction with the issuance of common stock are initially recorded at fair value as a reduction in additional paid-in capital of the common stock issued. All other warrants are recorded at fair value as expense over the requisite service period or at the date of issuance if there is not a service period.

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**Basic and Diluted Earnings (Loss) per Share**

Pursuant to ASC 260-10-45, basic loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the periods presented. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period. Potentially dilutive common shares may consist of common stock issuable for stock options and warrants (using the treasury stock method), convertible notes and common stock issuable. These common stock equivalents may be dilutive in the future.

At March 31, 2024 and 2023, respectively, the Company had the following common stock equivalents outstanding, which are potentially dilutive equity securities:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Series A, preferred stock (1:400)	1,088	1,088
Series B, preferred stock (1:4)	48,000	48,000
Warrants (exercise price \$0.10/share)	1,600,000	1,250,000
Total common stock equivalents	<u>1,649,088</u>	<u>1,299,088</u>

**Preferred Stock (Temporary Equity)**

We apply the guidance enumerated in ASC 480 “Distinguishing Liabilities from Equity” when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. We classify conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control, as temporary equity. At all other times, we classified our preferred shares in stockholders’ deficit.

Our Series A and B, preferred shares contain conditional redemption rights, however, these rights are at the option of the Company, therefore, since it’s within the control of the Company, classification as part of stockholder’s deficit is appropriate. Accordingly, unless otherwise noted, all issuances of preferred stock are presented as a component of stockholders’ deficit.

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**Related Parties**

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

**Recent Accounting Standards**

Changes to accounting principles are established by the FASB in the form of Accounting Standards Updates ("ASU's") to the FASB's Codification. We consider the applicability and impact of all ASU's on our financial position, results of operations, stockholders' deficit, cash flows, or presentation thereof. Management has evaluated all recent accounting pronouncements as issued by the FASB in the form of Accounting Standards Updates ("ASU") through the date these financial statements were available to be issued and found no recent accounting pronouncements issued, but not yet effective accounting pronouncements, when adopted, will have a material impact on the financial statements of the Company.

**Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the results of operations, stockholders' deficit, or cash flows.

**Note 3 – Property and Equipment**

Property and equipment consisted of the following:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>Estimated Useful Lives (Years)</u>
Equipment	\$ 128,830	\$ 128,830	5
Accumulated depreciation	(78,852)	(72,672)	
Total property and equipment - net	<u>\$ 49,978</u>	<u>\$ 56,158</u>	

Depreciation expense for the three months ended March 31, 2024 and 2023 was \$6,180 and \$6,442, respectively.



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**Note 4 – Advances Payable**

The Company's advances payable are as follows:

<u>Terms</u>	<u>Advances Payable</u>
Issuance date of advances	Prior to 2018
Maturity date	Due on Demand
Interest rate	0%
Collateral	Unsecured
Balance - December 31, 2022	310,000
No activity in 2023	-
Balance - December 31, 2023	310,000
No activity in 2023	-
Balance - March 31, 2024	\$ 310,000

**Note 5 – Note Payable – Related Party**

Year Ended December 31, 2023

**Note Payable – Related Party and Warrants Issued as Debt Discount**

In April 2023, the Company executed a one (1) year note with a board director for \$500,000. The note bears interest at 8% with a default interest rate of 20%. The note is secured by the net proceeds from the Company's PET imaging devices and service contracts.

During the year ended December 31, 2023, the Company repaid \$250,000 of note principal.

The note principal is due 50% at December 31, 2023 and the remaining 50% plus any accrued unpaid interest at March 31, 2024. In March 2024, the Company and the lender agreed to extend the due date of the remaining note balance of \$250,000 for an additional six-months (6) to September 2024.

As a result of this extension of the note maturity date, and in accordance with ASC 470, a modification or an exchange of debt instruments that adds or eliminates a conversion option that was substantive at the date of the modification or exchange is considered a substantive change and is measured and accounted for as extinguishment of the original instrument along with the recognition of a gain or loss.

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Additionally, under ASC 470, a substantive modification of a debt instrument is deemed to have been accomplished with debt instruments that are substantially different if the present value of the cash flows under the terms of the new debt instrument is at least 10 percent different from the present value of the remaining cash flows under the terms of the original instrument. A substantive modification is accounted for as an extinguishment of the original instrument along with the recognition of a gain or loss.

The Company has determined that the change in terms did not result in a debt extinguishment. Accordingly, no gain or loss is recorded.

The Company also issued 100,000 warrants to the lender, which had a fair value of \$126,699, and has been recorded as a debt discount, to be amortized over the life of the note. These warrants vested immediately on the grant date and expire on December 31, 2025. The warrants are exercisable at \$0.10/share.

Fair value of the warrants was determined using a Black-Scholes option pricing model with the following inputs:

Expected term (years)	2.74
Expected volatility	216%
Expected dividends	0%
Risk free interest rate	3.59%

See Note 7 regarding issuance of warrants.

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The following is a summary of the notes payable – related party:

<u>Terms</u>	<u>Note Payable #1 Related Party</u>	<u>Note Payable #2 Related Party</u>	
Issuance dates of notes	August 2022	April 2023	
Maturity date	September 2024	September 2024	
Interest rate	10%	8%	
Default interest rate	20%	20%	
Collateral	PET-CT Imaging Device	PET-CT Imaging Device	
			<u>Total</u>
Balance - December 31, 2022	\$ 1,161,728	\$ -	\$ 1,161,728
Proceeds from issuance of note	-	500,000	500,000 *
Repayments		(250,000)	(250,000)
Debt discount (100,000 warrants)		(126,699)	(126,699)
Amortization of debt discount	38,272	95,024	133,296
Balance - December 31, 2023	1,200,000	218,325	1,418,325
Amortization of debt discount	-	31,675	31,675
Balance - March 31, 2024	<u>\$ 1,200,000</u>	<u>\$ 250,000</u>	<u>\$ 1,450,000</u>

\* See Note 7 regarding issuance of warrants

Total unamortized debt discount at March 31, 2024 and December 31, 2023 were \$0 and \$31,675, respectively.

**Note 6 – Commitments**

**Operating Lease**

We have entered into an operating lease agreement for our corporate headquarters. We account for leases in accordance with ASC Topic 842: *Leases* ("842"), which requires a lessee to utilize the right-of-use model and to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of operations. In addition, a lessor is required to classify leases as either sales-type, financing or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as financing. If the lessor does not convey risk and rewards or control, the lease is treated as operating. We determine if an arrangement is a lease, or contains a lease, at inception and record the lease in our financial

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statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments over the lease term. Lease right-of-use assets and liabilities at commencement are initially measured at the present value of lease payments over the lease term. We generally use our incremental borrowing rate based on the information available at commencement to determine the present value of lease payments except when an implicit interest rate is readily determinable. We determine our incremental borrowing rate based on market sources including relevant industry data.

We have a lease agreement with lease and non-lease components and have elected to utilize the practical expedient to account for lease and non-lease components together as a single combined lease component, from both a lessee and lessor perspective with the exception of direct sales-type leases and production equipment classes embedded in supply agreements. From a lessor perspective, the timing and pattern of transfer are the same for the non-lease components and associated lease component and, the lease component, if accounted for separately, would be classified as an operating lease.

We have elected not to present short-term leases on the balance sheet as these leases have a lease term of 12 months or less at lease inception and do not contain purchase options or renewal terms that we are reasonably certain to exercise. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because most of our leases do not provide an implicit rate of return, we used our incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments.

Our lease, where we are the lessee, does not include an option to extend the lease term. Our lease also includes an option to terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease term would include options to extend or terminate the lease when it is reasonably certain that we will exercise such options.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense, included as a component of general and administrative expenses, in the accompanying statements of operations. Certain operating leases provide for annual increases to lease payments based on an index or rate, our lease has no stated increase, payments were fixed at lease inception. We calculate the present value of future lease payments based on the index or rate at the lease commencement date. Differences between the calculated lease payment and actual payment are expensed as incurred.

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On March 17, 2022, the Company executed a five (5) year lease extension for its office space that will cover the period June 1, 2022 through May 31, 2027. Payments for the 1<sup>st</sup> three (3) years will be \$1,600 per month, and for years four (4) and five (5) will be \$1,700 per month. The Company also has an option to renew the lease for an additional five (5) years through May 31, 2032. At lease inception, based on historical operations, the Company does not believe the renewal options will be executed.

As of March 31, 2024 and December 31, 2023, respectively, the Company has no financing leases as defined in ASC 842, "*Leases*."

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The tables below present information regarding the Company's operating lease asset and liability at December 31, 2023 and December 31, 2022, respectively:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Assets		
Operating lease - right-of-use asset - non-current	\$ 51,078	\$ 55,111
Liabilities		
Operating lease liability	\$ 55,568	\$ 59,208
Weighted-average remaining lease term (years)	3.17	3.42
Weighted-average discount rate	8%	8%

The components of lease expense were as follows:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Operating lease costs		
Amortization of right-of-use operating lease asset	\$ 4,032	\$ 4,033
Lease liability expense in connection with obligation repayment	1,160	\$ 1,439
Total operating lease costs	\$ 5,192	\$ 5,472

Supplemental cash flow information related to operating leases was as follows:

Operating cash outflows from operating lease (obligation payment)	\$ 4,800	\$ 4,800
Right-of-use asset obtained in exchange for new operating lease liability	\$ -	\$ -

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Future minimum lease payments required under leases that have initial or remaining non-cancelable lease terms in excess of one year:

2024 (9 Months)	\$ 14,400
2025	19,900
2026	20,400
2027	8,500
Total undiscounted cash flows	<hr/> 63,200
Less: amount representing interest	<hr/> 7,632
Present value of operating lease liability	55,568
Less: current portion of operating lease liability	15,308
Long-term operating lease liability	<hr/> <hr/> \$ 40,260

**Note 7 – Stockholders’ Deficit**

The Company has three (3) classes of stock:

**Common Stock**

- 6,000,000,000 shares authorized
- \$0.0001 par value
- Voting at 1 vote per share

**Preferred Stock**

The Company’s Certificate of Formation, as amended, authorizes the issuance of 20,000,000 shares of preferred stock from time to time in one or more series. The Board of Directors is authorized to determine, prior to issuing any such series of preferred stock and without any vote or action by the shareholders, the rights, preferences, privileges and restrictions of the shares of such series, including dividend rights, voting rights, terms of redemption, the provisions of any purchase, retirement or sinking fund to be provided for the shares of any series, conversion and exchange rights, the preferences upon any distribution of the assets of the Company, including in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the preferences and relative rights among each series of preferred stock. The Board of Directors has designated the following series of preferred stock.

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**Series A, Preferred Stock**

- 5,450,000 shares authorized
- \$1 par value
- Voting only on an as converted basis at 1 vote per share
- Dividends at 8% are accrued only upon declaration of the board of directors, also, while Series A, preferred stock is outstanding or if there are any accrued unpaid dividends outstanding, no common stock dividends may be declared by the board
- Senior to common stock and Series B, preferred stock in liquidation
- Redemption rights - \$1.46/share plus any undeclared and/or unpaid dividends through date of redemption. Redemption requires at least 30 days advance notice and notice may only be given if the Company's common stock has closed above \$2 per share for the twenty consecutive trading days prior to the notice. The redemption right is solely at the option of the Company.
- Conversion feature - each share of Series A, preferred stock is convertible into 1/400<sup>th</sup> of a share of common stock (1,088 shares at March 31, 2024 and December 31, 2023, respectively).

**Series B, Preferred Stock**

- 9,000,000 shares authorized
- \$1 par value
- Voting only on an as converted basis at 100 votes per share
- Dividends - accrued only upon declaration of the board of directors
- Senior to common stock, but junior to Series A, preferred stock in liquidation
- Redemption rights - \$1/share plus any undeclared and/or unpaid dividends through date of redemption. The redemption right is solely at the option of the Company.
- Conversion feature – each share of Series B, preferred stock is convertible into ¼ of a share of common stock (48,000 shares at March 31, 2024 and December 31, 2023, respectively).



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**Equity Transactions for the Three Months Ended March 31, 2024**

**Cash**

The Company issued 1,000,000 shares of common stock for \$1,000,000 (\$1/share).

In connection with this issuance, the Company also issued 250,000 warrants. These warrants vested immediately on the grant date and expire on December 31, 2025. The warrants are exercisable at \$1/share. See Note 9.

**Equity Transactions for the Year Ended December 31, 2023**

**Cash**

The Company issued 1,500,000 shares of common stock for \$1,375,000 (\$0.75-\$1.00/share).

**Warrants Issued as Debt Discount – Related Party**

The Company granted 100,000 warrants in connection with the issuance of a note payable for \$500,000. The fair value of these warrants was \$126,699. See Notes 5 and 9.

**Note 8 - Stock Option Plan**

In May 2021, the Company adopted an equity incentive plan (the “Plan”). Under the Plan, the Company may grant up to 10,000,000 stock options to eligible participants. All terms for stock options granted under the Plan will be set by the Board of Directors.

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**Note 9 – Warrants**

Warrant activity for the three months ended March 31, 2024 and the year ended December 31, 2023 is summarized as follows:

<b>Warrants</b>	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term (Years)</b>	<b>Aggregate Intrinsic Value</b>
Outstanding - December 31, 2022	1,250,000	\$ 0.10	2.20	\$ 982,500
Exercisable - December 31, 2022	1,250,000	\$ 0.10	2.20	\$ 982,500
Granted	100,000	\$ 0.10		
Exercised	-			
Cancelled/Forfeited	-			
Outstanding - December 31, 2023	1,350,000	\$ 0.10	1.26	\$ 1,984,500
Exercisable - December 31, 2023	1,350,000	\$ 0.10	1.26	\$ 1,984,500
Unvested - December 31, 2023	-	\$ -	-	\$ -
Granted	250,000	\$ 1.00		
Exercised	-			
Cancelled/Forfeited	-			
Outstanding - March 31, 2024	1,600,000	\$ 0.24	1.13	\$ 1,583,000
Exercisable - March 31, 2024	1,600,000	\$ 0.24	1.13	\$ 1,583,000
Unvested - March 31, 2024	-	\$ -	-	\$ -