

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Positron Corporation

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North Tonawanda, NY 14120
(317) 576-0183
www.positron.com
investor@positron.com

3845 - Electromedical & Electrotherapeutic Apparatus

Quarterly Report

For the period ending June 30, 2025
(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

31,405,008 as of June 30, 2025

27,305,008 as of December 31, 2024

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, reorganization, either currently anticipated or that occurred within the past 12 months:

None

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

3784 Commerce Court, Suite 100,
North Tonawanda, NY 14120

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:06/30/25
Total shares outstanding:	31,405,008	as of date:06/30/25
Total number of shares in Public Float:	11,854,417	as of date:06/30/25
Total number of shareholders of record:	485	as of date:06/30/25

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: 06/30/25
Total shares outstanding (if applicable):	435,085 as of date: 06/30/25
Total number of shareholders of record:	29 as of date: 06/30/25

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: 06/30/25
Total shares outstanding (if applicable):	192,000 as of date: 06/30/25
Total number of shareholders of record:	23 as of date: 06/30/25

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 June 30, 2025, and December 31, 2024, 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. (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 June 30, 2025, and December 31, 2024, 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> 12/31/24 Common: 27,305,008 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; Ronald Stewart	Cash	Restricted	NA

12/2012	\$310,000	\$380,000	0	Due on Demand	45% discount to market price	Corey Conn	Advance
8/2022	\$1,546,523	\$1,200,000	\$346,523	December 2025	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.

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

Positron Corporation is a leading medical technology company committed to advancing the PET imaging modality through the development, manufacturing, and commercialization of state-of-the-art PET and PET-CT (Positron Emission Tomography/Computed Tomography) imaging systems and clinical services. With a strong focus on cardiac PET—the gold standard in nuclear cardiology—Positron provides cutting-edge solutions that enhance diagnostic accuracy, improve patient outcomes, and drive cost-effective care for healthcare providers across North America.

Positron's imaging portfolio includes the Attrius® PET and the recently launched NeuSight PET-CT 3D 64-Slice systems, both designed to expand access to advanced molecular imaging. Additionally, Positron is preparing to introduce the Affinity PET-CT 4D 64-Slice scanner, further strengthening its role in the evolution of nuclear cardiology while positioning the company for entry into the oncology imaging market. These innovations, supported by Positron's comprehensive clinical and technical services, enable nuclear cardiologists and imaging specialists to fully leverage PET technology for superior diagnostic capabilities.

Through a strategic partnership with Shenyang Intelligent Nuclear Medical Technology Co. Ltd., a subsidiary of Neusoft Medical Systems, Positron holds exclusive North American distribution rights and FDA 510(k) clearance for the NeuSight PET-CT (3D) system. Additionally, Positron and Neusoft have co-developed the Affinity PET-CT (4D), which Positron will manufacture, distribute, and service. The Company plans to amend its existing 510(k) clearance to include the Affinity PET-CT, ensuring regulatory compliance and market readiness upon FDA approval.

Positron's collaboration with Neusoft Medical Systems extends to the production of its Attrius PET system, a foundational technology for its PET-CT advancements. This joint effort has been instrumental in expanding Positron's PET-CT offering(s), setting the stage for rapid growth across multiple imaging disciplines. With an emphasis on accessibility, affordability, and technological excellence, Positron is well-positioned to meet the rising demand for PET-CT imaging in nuclear cardiology and oncology, delivering best-in-class solutions that optimize patient care and streamline practice efficiencies.

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

None

- C. Describe the issuers' principal products or services.

Positron Corporation provides nuclear cardiologists and healthcare providers with state-of-the-art molecular imaging technology, offering Attrius® PET and NeuSight PET-CT 64-Slice systems, along with comprehensive clinical and technical support services. To enhance accessibility, Positron also offers innovative financing options tailored to the unique needs of hospitals and healthcare practices.

Positron's imaging systems empower healthcare providers to accurately diagnose coronary artery disease (CAD) and improve patient outcomes while maintaining cost-effective operations. By driving the adoption of cardiac PET imaging, Positron is at the forefront of growth in the nuclear cardiology sector.

With the addition of NeuSight PET-CT and the upcoming Affinity PET-CT 4D, Positron is expanding its capabilities beyond cardiology into oncology and neurology, addressing increasing demand for high-performance PET-CT imaging across multiple disciplines. Positron's systems are designed for efficiency, offering faster scan times, compact designs, and cost-effective solutions, making advanced imaging more accessible for healthcare providers in both nuclear cardiology and 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 former Headquarters is in Niagara Falls, NY. 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 had an option to renew the lease for an additional five (5) years through May 31, 2032.

On June 26, 2025, the Company entered into an agreement to terminate its existing operating lease, which was originally scheduled to expire on May 31, 2027. The last payment was made July 1, 2025. Pursuant to the agreement, the termination is effective as of August 31, 2025.

As part of the termination agreement, the Company paid a lump-sum settlement of \$20,000 to the lessor. This payment has been recorded as a lease termination expense in the consolidated statement of operations in 2025.

On July 8, 2025, the Company executed a five-year lease for its new Headquarters in North Tonawanda, NY, covering the period from July 8, 2025, to July 8, 2030. This new location will serve as the Company's main hub for services & parts, purchasing, testing, logistics and shipping functions.

- Lease term: 60 months (five years)
- Monthly lease payments:
 - Months 1-12: \$3,626 per month
 - Months 13-24: \$3,777 per month
 - Months 25-60: \$4,200 per month
- Total lease obligation: \$240,040 (excluding variable monthly operating expenses)
- Occupancy date: August 1, 2025
- Renewal option: The lease has no renewal options.
- Lease classification: The lease is evaluated under ASC 842, Leases, and recorded as a right-of-use (ROU) asset and lease liability based on the present value of lease payments (\$196,049) at lease commencement.
- Lease incentives/allowances – none
- Guarantee – The lease is guaranteed by the Company's Principal Executive Officer. The guarantee is unconditional and continuing, and covers the full performance of the lease obligations, including payment of rent and fulfillment of all tenant responsibilities.

The Company recognizes lease expense on a straight-line basis over the lease term.

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.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
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	21%	
George Ortiz	Shareholder	28 Boulevard de Belgique Monaco MC 98000	5,875,000	Common	19%	
Baltisches Haus Limited (George Ortiz)	Shareholder	Peveril Buildings, Peveril Square Douglas IM99 1RZ Isle of Man	5,500,000	Common	18%	
PACNO Family Trust Julia Rzeppa (Trustee)	Shareholder	3801 Washington St Oak Brook, IL 60523	3,000,310	Common	10%	

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to 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. 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:	Lucosky Brookman, LLP
Address 1:	101 Wood Avenue South
Address 2:	Woodbridge, NJ 08830
Phone:	732 395-4400
Email:	pcampitiello@mccarter.lucbro.com

Accountant or Auditor

Name: Elliot Berman
Firm: Berman Audit & Advisory, PA
Address 1: 11756 Bayou Lane
Address 2: Boca Raton, FL33498
Phone: 954-729-3025
Email: eberman@bermanauditadvisorycpa.com

Investor Relations

Name: Scott Powell
Firm: Skyline Corporate Communications Group
Address 1: 1177 Avenue of the Americas
Address 2: New York, NY 10036
Phone: 646 893-5835

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.

08/14/25

/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.

08/14/25

/s/ Adel Abdullah

Positron Corporation

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Positron Corporation
Balance Sheets
(Unaudited)

	June 30, 2025	December 31, 2024
<u>Assets</u>		
Current Assets		
Cash	\$ 2,995,625	\$ 69,791
Accounts receivable	8,333	16,667
Inventory	1,256,862	1,256,862
Prepays and other	17,239	9,131
Total Current Assets	4,278,059	1,352,451
Property and equipment - net	24,803	34,103
Operating lease - right-of-use asset	30,911	38,976
Deposits	375,000	375,000
Total Assets	\$ 4,708,773	\$ 1,800,530
<u>Liabilities and Stockholders' Equity (Deficit)</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 35,750	\$ 7,693
Accounts payable and accrued expenses - related party	346,523	326,030
Deferred revenue	50,000	66,330
Note payable - related party - net	1,200,000	1,450,000
Operating lease liability	17,609	19,900
Convertible advance payable	563,000	563,000
Total Current Liabilities	2,212,882	2,432,953
Long Term Liabilities		
Operating lease liability	18,529	24,302
Total Long Term Liabilities	18,529	24,302
Total Liabilities	2,231,411	2,457,255
Commitments and Contingencies (Note 6)		
Stockholders' Equity (Deficit)		
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 31,305,008 and 27,305,008 shares issued and outstanding, respectively	3,141	2,731
Additional paid-in capital	138,727,048	133,047,521
Accumulated deficit	(136,879,537)	(134,333,687)
Less: treasury stock at cost - 750 and 750 shares, respectively	(375)	(375)
Total Stockholders' Equity (Deficit)	2,477,362	(656,725)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 4,708,773	\$ 1,800,530

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

Positron Corporation
Statements of Operations
(Unaudited)

	For the Three Months Ended March 31,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Sales	\$ 190,119	\$ 157,750	\$ 309,452	\$ 315,500
Cost of sales	402,433	245,154	779,465	491,007
Gross loss	(212,314)	(87,404)	(470,013)	(175,507)
General and administrative expenses	877,651	324,582	2,052,407	725,083
Loss from operations	(1,089,965)	(411,986)	(2,522,420)	(900,590)
Other income (expense)				
Interest expense	(29,918)	(33,239)	(64,844)	(68,143)
Gain on forgiveness of accrued interest	-	-	41,414	-
Amortization of debt discount	-	-	-	(31,677)
Total other income (expense)	(29,918)	(33,239)	(23,430)	(99,820)
Net loss	<u>\$ (1,119,883)</u>	<u>\$ (445,225)</u>	<u>\$ (2,545,850)</u>	<u>\$ (1,000,410)</u>
Loss per share - basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.02)</u>	<u>\$ (0.08)</u>	<u>\$ (0.04)</u>
Weighted average number of shares - basic and diluted	<u>30,221,214</u>	<u>25,358,579</u>	<u>31,305,008</u>	<u>23,908,030</u>

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

Positron Corporation
 Statements of Changes in Stockholders' Equity (Deficit)
 For the Three and Six Months Ended June 30, 2025
 (Unaudited)

	Series A - Preferred Stock		Series B - Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Amount	
December 31, 2024	435,085	\$ 435,085	192,000	\$ 192,000	27,305,008	\$ 2,731	\$ 133,047,521	\$ (134,333,687)	750	\$ (375)	\$ (656,725)
Stock issued for cash (\$1/share)	-	-	-	-	8,000,000	800	7,999,200	-	-	-	8,000,000
Cash paid to repurchase and retire common stock (\$0.60 - \$0.75/share)	-	-	-	-	(4,000,000)	(400)	(2,499,600)	-	-	-	(2,500,000)
Imputed interest expense on debt - related parties	-	-	-	-	-	-	2,937	-	-	-	2,937
Net loss	-	-	-	-	-	-	-	(1,425,967)	-	-	(1,425,967)
March 31, 2025	435,085	\$ 435,085	192,000	\$ 192,000	31,305,008	\$ 3,131	\$ 138,550,058	\$ (135,759,654)	750	\$ (375)	\$ 3,420,245
Stock issued for services rendered (\$1.77/share)	-	-	-	-	100,000	10	176,990	-	-	-	177,000
Net loss	-	-	-	-	-	-	-	(1,119,883)	-	-	(1,119,883)
June 30, 2025	435,085	\$ 435,085	192,000	\$ 192,000	31,405,008	\$ 3,141	\$ 138,727,048	\$ (136,879,537)	750	\$ (375)	\$ 2,477,362

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

Positron Corporation
 Statements of Changes in Stockholders' Equity (Deficit)
 For the Three and Six Months Ended June 30, 2024
 (Unaudited)

	Series A - Preferred Stock		Series B - Preferred Stock		Common Stock		Common Stock Issuable		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Deficit
	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	-	-	-	-	-	-	-	-	-	(555,185)	-	-	(555,185)
March 31, 2024	435,085	\$ 435,085	192,000	\$ 192,000	24,930,008	\$ 2,493	1,000,000	\$ 100	\$ 131,814,944	\$ (132,256,780)	750	\$ (375)	\$ 187,467
Net loss	-	-	-	-	-	-	-	-	-	(445,225)	-	-	(445,225)
June 30, 2024	<u>435,085</u>	<u>435,085</u>	<u>192,000</u>	<u>192,000</u>	<u>24,930,008</u>	<u>2,493</u>	<u>1,000,000</u>	<u>100</u>	<u>131,814,944</u>	<u>(132,702,005)</u>	<u>750</u>	<u>(375)</u>	<u>(257,758)</u>

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

Positron Corporation
Statements of Cash Flows
(Unaudited)

	For the Six Months Ended June 30,	
	2025	2024
Operating activities		
Net loss	\$ (2,545,850)	\$ (555,035)
Adjustments to reconcile net loss to net cash used in operations		
Amortization of operating lease - right-of-use asset	8,065	4,032
Amortization of debt discount	-	31,675
Depreciation expense	9,300	6,180
Gain on forgiveness of accrued interest	(41,414)	-
Imputed interest expense on debt - related parties	2,937	-
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts Receivable	8,334	4,320
Prepays	(8,108)	-
Increase (decrease) in		
Accounts payable and accrued expenses	28,057	(1,978)
Accounts payable and accrued expenses - related party	61,907	34,904
Deferred revenue	(16,330)	(16,331)
Operating lease liability	(8,064)	(3,640)
Net cash used in operating activities	(2,324,166)	(495,873)
Financing activities		
Proceeds from stock issued for cash	8,000,000	1,000,000
Cash paid to repurchase and retire common stock	(2,500,000)	-
Proceeds from issuance of note payable - related party	100,000	-
Proceeds (repayments) on notes payable - related party	(350,000)	-
Net cash provided by financing activities	5,250,000	1,000,000
Net increase in cash	2,925,834	504,127
Cash - beginning of period	69,791	100,653
Cash - end of period	\$ 2,995,625	\$ 604,780
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -

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

POSITRON CORPORATION
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(UNAUDITED)

Note 1 - Organization and Nature of Operations

Organization and Nature of Operations

Positron Corporation (collectively, “we,” “us,” “our” or the “Company”), a Texas Corporation (originally incorporated in December 20, 1983 and reincorporated in Texas on February 7, 2014).

Positron Corporation is a molecular imaging device company that offers Positron Emission Tomography (PET) imaging system and clinical services to nuclear medicine healthcare providers throughout North America.

Positron specializes in the field of cardiac PET imaging. Positron’s 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 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, 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 sell, service and provide clinical services and full support over the lifetime of the system throughout North America.

Positron expects to offer PET-CT molecular imaging device that will enable nuclear cardiologists to utilize their capabilities of molecular imaging and nuclear medicine.

Positron will continue to advance and distribute 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.

For the six months ended June 30, 2025 and 2024, all revenues were derived from service contracts pertaining to the Atrius systems.

POSITRON CORPORATION
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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 unaudited 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 six months ended June 30, 2025, the Company had:

- Net loss of \$2,545,850; and
- Net cash used in operations was \$2,324,166

Additionally, at June 30, 2025, the Company had:

- Accumulated deficit of \$136,879,537
- Stockholders' equity of \$2,477,362; and
- Working capital of \$2,065,177

The Company has cash on hand of \$2,995,625 at June 30, 2025. The Company does not expect 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.

Management's strategic plans include the following:

- Execute business operations more fully during the current year,
- 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,

POSITRON CORPORATION
NOTES TO FINANCIAL STATEMENTS
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- 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; and
- Pursue to “Up-List” to a more prominent publicly reporting exchange with OTC Markets.

Note 2 - Summary of Significant Accounting Policies

Business Segments and Expense Disclosure

The Company follows Financial Accounting Standards Board (FASB) ASC 280, Segment Reporting, which requires public entities to report financial and descriptive information about their reportable operating segments.

FASB ASC 280-10-50-1 states that an operating segment is a component of a public entity that:

- Engages in business activities from which it may earn revenues and incur expenses;
- Has operating results that are regularly reviewed by the Chief Operating Decision Maker (CODM), who is the Company’s Chief Executive Officer, to make decisions about resource allocation and performance assessment; and
- Has discrete financial information available.

Under ASC 280-10-50-10, a public entity is required to report separately only those operating segments that meet certain quantitative thresholds. However, as specified in FASB ASC 280-10-50-11, if a company’s business activities are managed as a single operating segment and reviewed on a basis, the company may report as a single segment. The Company has determined that it operates as one reportable segment, as its CODM reviews the business as a whole rather than by distinct business components. Significant expenses within loss from operations, as well as within net loss, include cost of sales and general and administrative expenses, which are each presented separately on the accompanying Statements of Operations. Other segment items within net loss include interest expense, net, and amortization of debt discount.

In November 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”), which requires all public entities, including public entities with a single reportable segment, to provide in interim and annual periods one or more measures of segment profit or loss used by the chief operating decision maker to allocate resources and assess performance. Additionally, the standard requires disclosures of significant segment expenses and other segment items as well as incremental qualitative disclosures. The Company adopted ASU 2023-07 effective December 31, 2024, on a retrospective basis. The adoption of 2023-07 did

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not change the way that the Company identifies its reportable segments and, as a result, did not have a material impact on the Company's segment-related disclosures.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the recognition of revenues and expenses during the reporting period. Actual results may differ from these estimates, and such differences could be material.

In accordance with ASC 250-10-50-4, changes in estimates are recorded in the period in which they become known and are accounted for prospectively. The Company bases its estimates on historical experience, industry trends, and other relevant factors, incorporating both quantitative and qualitative assessments that it believes are reasonable under the circumstances.

Significant estimates during the six months ended June 30, 2025 and 2024 include:

- Allowance for doubtful accounts and other receivables
- Inventory reserves and classifications
- Valuation of equity based instruments
- Estimated useful lives of property and equipment
- Implicit interest rate in right-of-use operating leases
- Uncertain tax positions
- Valuation allowance on deferred tax assets

Risks and Uncertainties

The Company operates in a highly competitive industry that is subject to intense market dynamics, shifting consumer demand, and economic fluctuations. The Company's operations are exposed to significant financial, operational, and strategic risks, including potential business disruptions, supply chain constraints, and liquidity challenges.

In accordance with ASC 275, "Risks and Uncertainties," the Company evaluates and discloses risks that could materially affect its financial condition, results of operations, and business outlook. Key factors contributing to variability in sales and earnings include:

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1. Industry Cyclicity – The Company's financial performance is affected by industry trends, seasonality, and shifts in market demand.
2. Macroeconomic Conditions– Economic downturns, inflationary pressures, interest rate changes, global tariff policy, and geopolitical risks may impact consumer purchasing behavior and the Company's revenue streams.
3. Pricing Volatility– The cost and availability of raw materials, supply chain disruptions, and competitive pricing pressures can lead to fluctuations in gross margins and profitability.

Given these uncertainties, the Company faces challenges in accurately forecasting financial performance and may experience material risks affecting liquidity, business continuity, and long-term strategic growth. The Company continuously assesses these risks and implements measures to mitigate their potential impact.

Fair Value of Financial Instruments

The Company accounts for financial instruments in accordance with Financial Accounting Standards Board (FASB) ASC 820, Fair Value Measurements, which establishes a framework for measuring fair value and requires related disclosures. 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. The fair value measurement is based on the Company's principal market or, if none exists, the most advantageous market for the asset or liability.

Fair Value Hierarchy

ASC 820 requires the use of observable inputs whenever available and establishes a three-tier hierarchy for measuring fair value:

- Level 1 – Quoted market prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices in active markets, such as quoted prices for similar assets and liabilities or inputs that are directly or indirectly observable.
- Level 3 – Unobservable inputs that require significant judgment, including management assumptions and estimates based on available market data.

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The classification of an asset or liability within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Level 3 valuations generally require more judgment and complexity, often involving a combination of cost, market, or income approaches, as well as assumptions about market conditions, pricing, and other factors.

Fair Value Determination and Use of External Advisors

The Company assesses the fair value of its financial instruments and, where appropriate, may engage external valuation specialists to assist in determining fair value. While management believes that recorded fair values are reasonable, they may not necessarily reflect net realizable values or future fair values.

Financial Instruments Carried at Historical Cost

The Company's financial instruments—including cash, accounts receivable, accounts payable, and accrued expenses (including related party balances)—are recorded at historical cost. As of June 30, 2025 and December 31, 2024, respectively, the carrying amounts of these instruments approximated their fair values due to their short-term maturities.

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 June 30, 2025 and December 31, 2024, 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 June 30, 2025 and December 31, 2024, the Company had cash in excess of the insured FDIC limit of \$1,772,079 and \$0, respectively.

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Accounts Receivable

The Company accounts for accounts receivable in accordance with FASB ASC 310, Receivables. Receivables are recorded at their net realizable value, which represents the amount management expects to collect from outstanding customer balances.

The Company extends credit to customers based on an evaluation of their financial condition and other factors. The Company does not require collateral, and interest is not accrued on overdue accounts receivable.

Allowance for Expected Credit Losses

Management periodically assesses the collectability of accounts receivable and establishes an allowance for expected credit losses as needed. The allowance is determined based on:

- A review of outstanding accounts,
- Historical collection experience, and
- Current economic conditions.

Accounts deemed uncollectible are written off against the allowance when determined to be uncollectible .

Allowance for expected credit losses was \$0 at June 30, 2025 and December 31, 2024.

For three and six months ended June 30, 2025 and 2024, the Company recorded bad debt expense of \$0, respectively.

Inventory

The Company accounts for inventory in accordance with FASB ASC 330, Inventory. Inventory consists solely of one scanning machine, and is stated at the lower of cost or net realizable value ("LCNRV") using the first-in, first-out (FIFO) method, as required by ASC 330-10-35-1.

Inventory Valuation and Reserve Assessment

Management assesses the recoverability of inventory each reporting period and establishes reserves for potential inventory write-downs when necessary. The Company evaluates factors such as:

- Market conditions,
- Net realizable value based on estimated selling price, and
- Inventory turnover trends.

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For the three and six months ended June 30, 2025 and 2024, respectively, the Company did not record any provisions for inventory obsolescence or impairment.

At June 30, 2025 and December 31, 2024, the Company had inventory of \$1,256,862, respectively. See below regarding payment (\$1,000,000 deposit) made prior to the year ended December 31, 2023.

Deposits

The Company has deposits on hand with a third-party manufacturer related to the purchase of equipment. As of June 30, 2025 and December 31, 2024, deposits were as follows:

Balance - December 31, 2023	\$ 275,000
Advances	<u>100,000</u>
Balance - December 31, 2024	375,000
No activity	<u>-</u>
Balance - June 30, 2025	<u><u>\$ 375,000</u></u>

In 2022, the Company made an initial deposit of \$1,000,000, which was subsequently used to purchase inventory during the same year. As part of this transaction, the Company was required to pay a Non-Recurring Engineering (NRE) Fee of \$700,000 to the manufacturer for research, development, and technology transfer services. Of this amount, \$210,000 was paid in 2022.

The Company has not yet received FDA clearance for its PET-CT system, however, the balance of \$490,000 was paid in 2025.

If the equipment fails validation or FDA approval, the Company has the contractual right to return the equipment and receive a refund of the \$1,000,000 deposit, less any applicable shipping and handling costs.

Additionally, the manufacturer has agreed to provide a one-year warranty on the equipment and related software, commencing upon the closing of the equipment purchase.

Concentrations

The Company evaluates and discloses significant concentrations of risk in accordance with FASB ASC 275-10, Risks and Uncertainties. These risks may arise from customer concentrations, vendor reliance, geographic dependence, or other economic factors that could materially impact the Company's financial position, results of operations, and cash flows.

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A concentration exists when a single customer, supplier, or market accounts for a significant portion (typically greater than 10%) of the Company's total revenues, accounts receivable, or vendor purchases (ASC 275-10-50-16).

For the six months ended June 30, 2025 and 2024, respectively, the Company has no such concentrations.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation, in accordance with ASC 360, "Property, Plant, and Equipment." Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Repairs and maintenance expenditures that do not materially extend the useful life of an asset are expensed as incurred. Significant improvements or upgrades that increase the asset's productivity, efficiency, or useful life are capitalized.

Upon disposal or sale of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statement of operations, in accordance with ASC 360-10-40-5.

The Company evaluates the carrying value of property and equipment whenever events or changes in circumstances indicate that the asset may be impaired. If impairment indicators exist, the Company assesses recoverability based on the undiscounted future cash flows expected from the use and disposition of the asset. If the carrying amount exceeds the estimated recoverable amount, an impairment loss is recognized in accordance with ASC 360-10-35-17.

Financial Instruments with Characteristics of Both Liabilities and Equity

The Company evaluates equity or liability classification for freestanding financial instruments, including convertible preferred stock, warrants, and options, pursuant to the guidance under FASB ASC Topic 480, *Distinguishing Liabilities from Equity* ("ASC 480"). The Company classifies as liabilities all freestanding financial instruments that are (i) mandatorily redeemable, (ii) represent an obligation to repurchase the Company's equity shares by transferring assets, or (iii) represent an unconditional obligation (or conditional obligation if the financial instrument is *not* an outstanding share) to issue a variable number of shares predominantly based on a fixed monetary amount, variations in something other than the fair value of the Company's equity shares, or variations inversely related to changes in fair value of the Company's equity shares.

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If a freestanding financial instrument does *not* represent an outstanding equity share and does *not* meet liability classification under ASC 480, the Company then assesses whether the freestanding financial instrument is indexed to its own stock and meets equity classification pursuant to FASB ASC 815-40, *Derivatives and Hedging* (“ASC 815”). The Company further assesses whether the freestanding financial instruments should be classified as temporary equity. Freestanding financial instruments that are redeemable for cash or other assets at a fixed or determinable date, at the option of the holder, or upon the occurrence of an event are classified in temporary equity in accordance with FASB ASC 480. Otherwise, the freestanding financial instruments are classified in permanent equity.

Conversion and Extinguishment of Derivative Liabilities

When a debt instrument with an embedded conversion option (e.g., convertible debt or warrants) is converted into shares of common stock or repaid, the Company:

- Records the newly issued shares at fair value;
- Derecognizes all related debt, derivative liabilities, and unamortized debt discounts; and
- Recognizes a gain or loss on debt extinguishment, if applicable.

For equity-based derivative liabilities (e.g., warrants) that are extinguished, any remaining liability balance is reclassified to additional paid-in capital.

Original Issue Discounts and Other Debt Discounts

The Company accounts for original issue discounts (OID) and other debt discounts in accordance with FASB ASC 835-30, Interest—Imputation of Interest. These discounts are recorded as a reduction of the carrying amount of the related debt and are amortized to interest expense over the term of the debt using the effective interest method, unless the straight-line method is materially similar.

Original Issue Discounts (OID)

For certain notes issued, the Company may provide the debt holder with an original issue discount (OID), which is recorded as a debt discount, reducing the face value of the note. The discount is amortized to interest expense over the term of the debt in the Statements of Operations.

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Stock and Other Equity Issued with Debt

The Company may issue common stock or other equity instruments in connection with debt issuance. When stock is issued, it is recorded at fair value and treated as a debt discount, reducing the carrying amount of the note. These discounts are amortized to interest expense over the life of the debt (ASC 470-20-25-2).

The combined debt discounts, including OID and stock-related discounts, cannot exceed the face amount of the debt (ASU 2020-06).

Debt Issuance Costs

Debt issuance costs, including fees paid to lenders or third parties, are capitalized as a debt discount and amortized to interest expense over the life of the debt in accordance with ASC 835-30-45-1. These costs are presented as a direct deduction from the carrying amount of the debt liability rather than as a separate asset.

Warranty Obligations

The Company provides an assurance-type warranty on its products, covering defects in design, materials, and workmanship for a period of one year from customer acceptance. Under FASB ASC 460-10-25-5 and FASB ASC 450-20, the Company recognizes a liability for estimated warranty costs when the obligation is probable and reasonably estimable, which typically occurs at the time of product delivery.

The warranty provision is based on historical trends related to the nature, frequency, and average cost of claims for each product line. These estimates are continuously reassessed using the best available information, and adjustments are made as necessary.

Historically, the Company has incurred insignificant warranty-related costs, and at December 31, 2024 and 2023, no warranty liability was recorded, as the estimated obligation was deemed immaterial.

Additionally, certain components used in the Company's products are covered under supplier-provided limited warranties, which include replacement and service coverage for parts. The Company does not have direct responsibility for these supplier warranties.

As of June 30, 2025 and December 31, 2024, the Company is not aware of any pending or asserted claims related to warranty obligations.

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Treasury Stock

The Company accounts for treasury stock transactions under the cost method in accordance with FASB ASC 505-30, Treasury Stock. Under this method, when the Company repurchases its own shares, the full acquisition cost is recorded as a reduction to stockholders' equity under the treasury stock account. These shares remain issued but are not considered outstanding and do not participate in dividends or earnings per share calculations.

As of June 30, 2025 and December 31, 2024, respectively, the Company had 750 shares of treasury stock recorded at an aggregate cost of \$375.

Right of Use Assets and Lease Obligations

The Company accounts for right-of-use (ROU) assets and lease liabilities in accordance with FASB ASC 842, Leases. These amounts reflect the present value of the Company's estimated future minimum lease payments over the lease term, including any reasonably certain renewal options, discounted using a collateralized incremental borrowing rate (ASC 842-20-30-1).

The Company classifies its leases as either operating or finance leases based on the criteria outlined in ASC 842-10-25-2. The Company's leases primarily consist of operating leases, which are included as Right-of-Use Assets and Operating Lease Liabilities on the balance sheet.

Short-Term Leases

The Company has elected the short-term lease exemption allowed under ASC 842-20-25-2, whereby leases with a term of 12 months or less are not recorded on the balance sheet. Instead, lease payments are expensed on a straight-line basis over the lease term.

Lease Term and Renewal Options

In determining the lease term, the Company evaluates whether renewal options are reasonably certain to be exercised, as required by ASC 842-10-30-1. Factors considered include:

- The useful life of leasehold improvements relative to the lease term,
- The economic performance of the business at the leased location,
- The comparative cost of renewal rates versus market rates, and
- The presence of any significant economic penalties for non-renewal (ASC 842-10-55-26).

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If a renewal option is deemed reasonably certain to be exercised, the ROU asset and lease liability reflect those additional future lease payments. The Company's operating leases contain renewal options with no residual value guarantees. Currently, management does not expect to exercise any renewal options, which are therefore excluded in the measurement of lease obligations.

Discount Rate and Lease Liability Measurement

Since the implicit rate in the leases is not readily determinable, the Company applies an incremental borrowing rate that represents the rate it would incur to borrow on a collateralized basis over a similar term and currency environment (ASC 842-20-30-3).

Lease Impairment

In accordance with ASC 360-10-35, the Company evaluates ROU assets for impairment indicators whenever events or changes in circumstances suggest the carrying amount may not be recoverable.

No impairments of ROU assets were recognized for the three and six months ended June 30, 2025 and 2024, respectively.

Revenue Recognition

The Company follows the five-step revenue recognition model:

1. Identify the Contract with a Customer

A contract exists when the following criteria are met:

- The contract creates enforceable rights and obligations between the Company and the customer.
- The contract has commercial substance, meaning it affects the Company's cash flows.
- The payment terms are identified, and the consideration is determinable.
- It is probable that the Company will collect the consideration in exchange for the services transferred.

Contracts for maintenance services meet these criteria. The Company assesses collectability based on historical payment trends and credit risk.

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2. Identify the Performance Obligations in the Contract

A performance obligation is a distinct service promised in the contract that is both capable of being distinct and distinct in the context of the contract.

The Company provides customers with ongoing maintenance services, which include:

- 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
- Continued physician and technician applications training

These elements are considered a single performance obligation, as they are not separately identifiable within the contract and are integrated into an overall maintenance service. These services are combined into a single obligation and not disaggregated.

3. Determine the Transaction Price

The transaction price is the amount of consideration the Company expects to receive in exchange for fulfilling its maintenance service obligations.

Considerations in determining the transaction price include:

- Fixed consideration – The contract price is clearly stated.
- No variable consideration – The Company does not offer refunds, rebates, or pricing incentives.
- No financing component – Fees for maintenance contracts are typically billed in advance on a monthly basis, with payment due within 30 days. The Company applies the practical expedient to exclude any financing component for contracts with payment terms of one year or less.

4. Allocate the Transaction Price to Performance Obligations

For maintenance contracts, the entire transaction price is allocated to the single performance obligation. Because each contract consists of a singular integrated maintenance service, there is no need for further allocation.

POSITRON CORPORATION
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5. Recognize Revenue When (or As) Performance Obligations Are Satisfied

Revenue is recognized over time as the Company satisfies its performance obligations.

- Maintenance Contracts: The performance obligation is satisfied evenly over the contract period, as services are rendered on a continual basis.
- The Company recognizes revenue monthly as services are provided, and there are no remaining performance obligations at the end of each month.

Revenue is not recognized based on invoicing dates but rather based on the satisfaction of performance obligations.

Remaining Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct service to the customer and represents the unit of account under FASB ASC 606.

- The Company tracks performance obligations at contract inception to monitor and account for them over the contract's life.
- At June 30, 2025 and 2024, the Company had no remaining performance obligations, as all services were rendered as of each period end.

Principal vs. Agent Considerations

In evaluating whether the Company acts as a principal or agent in maintenance service transactions.

The Company has determined that it is acting as a principal in providing maintenance services, based on the following factors:

- The Company controls the service before it is transferred to the customer.
- The Company has discretion in pricing, as it sets the contract price.
- The Company is responsible for fulfilling the contractual obligation to provide maintenance services.
- The Company bears the risk of fulfilling performance obligations and ensuring uptime guarantees.

Based on these factors, the Company recognizes revenue on a gross basis as the principal in maintenance service transactions.

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Contract Liabilities (Deferred Revenue)

Contract liabilities represent amounts received from customers before the satisfaction of performance obligations and are subsequently recognized as revenue upon fulfillment.

- The Company discloses contract balances related to deferred revenue when applicable.
- Timing of invoicing may differ from timing of revenue recognition, resulting in contract liabilities (deferred revenue) on the balance sheet.

As of June 30, 2025 and December 31, 2024, the Company's deferred revenues were \$50,000 and \$66,330, respectively.

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

	Six Months Ended June 30,			
	2025		2024	
Sales	Revenue	% of Revenues	Revenue	% of Revenues
Service Income	\$309,452	100%	\$ 315,500	100%

Currently, the Company's revenue is solely derived from service maintenance contracts, with no additional sources of revenue.

Cost of Sales

The Company recognizes cost of sales in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 705, Cost of Sales and Services.

Cost of sales consists of direct expenses incurred in the delivery of services related to the Company's maintenance contracts. These costs are recognized as incurred and are directly attributable to fulfilling service obligations under customer agreements.

The primary components of cost of sales include:

- Salaries and Wages – Compensation, payroll taxes, and employee benefits associated with the Company's service technicians and clinical support staff.
- Job-Related Materials and Supplies – Expenses for parts, tools, software upgrades, and consumable materials required to perform maintenance and repairs.

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All costs included in cost of sales are directly related to the provision of contracted maintenance services and align with revenue recognition principles under ASC 606.

The Company continually evaluates its cost structure to optimize service delivery while maintaining contractual uptime guarantees and quality assurance standards.

Income Taxes

The Company accounts for income taxes using the asset and liability method prescribed by FASB ASC 740, Income Taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of differences between the financial reporting and tax bases of assets and liabilities. These amounts are measured using enacted tax rates expected to apply in the periods when temporary differences reverse.

The effect of a change in tax rates on deferred tax balances is recognized as income or expense in the period that includes the enactment date.

Uncertain Tax Positions

The Company evaluates uncertain tax positions which requires that a tax position be recognized in the financial statements only if it is more likely than not (greater than 50% likelihood) to be sustained upon examination by tax authorities.

As of June 30, 2025 and December 31, 2024, the Company had no uncertain tax positions that qualified for recognition or disclosure in the financial statements.

The Company also recognizes interest and penalties related to uncertain tax positions in other expense in the Statement of Operations. No interest and penalties were recorded for the six months ended June 30, 2025 and 2024.

Valuation of Deferred Tax Assets

The Company's deferred tax assets include certain future tax benefits, such as net operating losses (NOLs), tax credits, and deductible temporary differences. A valuation allowance is required if it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

The Company reviews the realizability of deferred tax assets on a quarterly basis, or more frequently if circumstances warrant, considering both positive and negative evidence.

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Factors Considered in Valuation Allowance Assessment

The Company evaluates multiple factors in determining whether a valuation allowance is necessary, including:

- Historical earnings trends (cumulative pre-tax income or losses in the most recent three-year period)
- Future financial projections, including expected taxable income based on long-term estimates of business performance and market conditions
- Statutory carryforward periods for net operating losses and other deferred tax assets
- Prudent and feasible tax planning strategies that could impact the realization of deferred tax assets
- Nature and predictability of temporary differences and the timing of their reversal
- Sensitivity of financial forecasts to external factors such as commodity prices, market demand, and operational risks

While cumulative three-year losses are a strong indicator that a valuation allowance may be needed, a valuation allowance determination is not solely based on past losses—all available positive and negative evidence must be considered.

Valuation Allowance Determination

At June 30, 2025 and December 31, 2024, respectively, the Company recorded a full valuation allowance against its deferred tax assets, resulting in a net carrying amount of \$0. This determination was based on cumulative losses in recent years and the lack of sufficient positive evidence to support the realization of deferred tax assets in the near term (ASC 740-10-30-24).

The Company will continue to evaluate its valuation allowance each reporting period and will recognize deferred tax assets in the future if sufficient positive evidence emerges to support their realization.

Advertising Costs

Advertising costs are expensed as incurred, in accordance with ASC 720-35, "Advertising Costs." These costs are recognized as operating expenses in the period in which they are incurred and are classified within general and administrative expenses in the statements of operations.

The Company does not capitalize direct-response advertising costs, as they do not meet the criteria for deferral under ASC 720-35-25-1.

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The Company recognized marketing and advertising costs as follows:

Three Months Ended June 30,		Six Months Ended June 30,	
2025	2024	2025	2024
\$ 40,737	\$ 14,644	\$ 124,785	\$ 45,882

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718, "Compensation – Stock Compensation," using the fair value-based method. Under this guidance, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the requisite service period, typically the vesting period.

ASC 718 establishes accounting standards for transactions in which an entity exchanges its equity instruments for goods or services. It also applies to transactions where an entity incurs liabilities based on the fair value of its equity instruments or liabilities that may be settled using equity instruments.

In compliance with ASU 2018-07, the Company applies the fair value method for equity instruments granted to both employees and non-employees, aligning non-employee share-based payment accounting with that of employees. The fair value of stock-based compensation is determined as of the grant date or the measurement date (i.e., when the performance obligation is completed) and is recognized over the vesting period in accordance with ASC 718.

The Company determines the fair value of stock options using the Black-Scholes option pricing model, considering the following key assumptions:

- Exercise price – The agreed-upon price at which the option can be exercised.
- Expected dividends – The anticipated dividend yield over the expected life of the option.
- Expected volatility – Based on historical stock price fluctuations.
- Risk-free interest rate – Derived from U.S. Treasury securities with similar maturities.
- Expected life of the option – Estimated based on historical exercise patterns and contractual terms.

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Additionally, the Company follows the guidance under ASU 2016-09, which introduced amendments to simplify certain accounting aspects of share-based compensation, including:

- The treatment of tax benefits and tax deficiencies in income tax reporting.
- The option to recognize forfeitures as they occur rather than estimating them upfront.
- Cash flow classification for certain tax-related transactions.

The Company continues to evaluate and apply the latest Accounting Standards Updates (ASUs) and interpretive releases related to stock-based compensation to ensure compliance with evolving financial reporting requirements.

Stock Warrants

In connection with certain financing transactions (debt or equity), consulting arrangements, or strategic partnerships, the Company may issue warrants to purchase shares of its common stock. These standalone warrants are not puttable or mandatorily redeemable by the holder and are classified as equity instruments in accordance with ASC 480, "Distinguishing Liabilities from Equity."

The fair value of warrants issued for compensation purposes is measured using the Black-Scholes option pricing model, consistent with the guidance in ASC 718-10-30. However, if warrants meet the definition of derivative liabilities under ASC 815, "Derivatives and Hedging," fair value is determined using a binomial pricing model or other appropriate valuation techniques, as required by ASC 815-40-15.

Accounting Treatment of Warrants

- Warrants issued in conjunction with common stock issuance are initially recorded at fair value as a reduction in Additional Paid-In Capital (APIC).
- Warrants issued for services are recorded at fair value and expensed over the requisite service period or immediately upon issuance if no service period exists.
- Warrants classified as liabilities due to settlement features or pricing adjustments are remeasured at fair value each reporting period, with changes recognized in earnings.

Basic and Diluted Earnings (Loss) per Share and Reverse Stock Split

The Company computes earnings per share ("EPS") in accordance with ASC 260, "Earnings Per Share." The calculation of basic EPS follows the two-class method and is determined by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding, including certain other shares committed to be issued.

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Basic Earnings Per Share (EPS)

Basic EPS is calculated using the two-class method, as prescribed by ASC 260-10-45-60, and is computed as follows:

- Net earnings available to common shareholders represent net earnings to common shareholders, adjusted for the allocation of earnings to participating securities.
- Losses are not allocated to participating securities.
- The denominator includes common shares outstanding and certain other shares committed to be issued, such as restricted stock and restricted stock units (“RSUs”), for which no future service is required.

Diluted Earnings Per Share (EPS)

Diluted EPS is calculated under both the two-class method and the treasury stock method, and the more dilutive result is reported.

- Diluted EPS is computed by taking the sum of:
 - Net earnings available to common shareholders
 - Dividends on preferred shares
 - Dividends on dilutive mandatorily redeemable convertible preferred shares
 - Divided by the weighted average number of common shares outstanding and certain other shares committed to be issued, plus all dilutive common stock equivalents during the period, such as:
 - Stock options
 - Warrants
 - Convertible preferred stock
 - Convertible debt
- Preferred shares and unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) qualify as participating securities under the two-class method, per ASC 260-10-45-62.

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The following potentially dilutive equity securities outstanding as of June 30, 2025 and 2024 were as follows:

	June 30, 2025	June 30, 2024
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)	2,100,000	1,600,000
Total common stock equivalents	2,149,088	1,649,088

For the periods in which the Company reported a net loss, all potential common shares were considered anti-dilutive and, therefore, excluded from the calculation of diluted net loss per share. As a result, the basic and diluted net loss per share amounts are the same for those periods.

Based on the potential common stock equivalents noted above at June 30, 2025, the Company has sufficient authorized shares of common stock (6,00,000,000) to settle any potential exercises of common stock equivalents.

Preferred Stock Classification

The Company applies the guidance outlined in ASC 480, Distinguishing Liabilities from Equity, in determining the appropriate classification and measurement of preferred stock. Under ASC 480-10-25-4, financial instruments that embody an obligation to repurchase equity shares or require mandatory redemption at a fixed or determinable date must be classified as a liability and measured at fair value.

Preferred shares that are conditionally redeemable—including those redeemable at the option of the holder or subject to redemption upon the occurrence of events outside the issuer’s control—are classified as temporary equity in accordance with ASC 480-10-S99-3A. Conversely, preferred shares that are not mandatorily redeemable and whose redemption rights are within the issuer's control are appropriately classified as a component of stockholders’ deficit.

The Company’s Series A and Series B Preferred Stock contain conditional redemption rights, but these rights are exercisable solely at the option of the Company. Because the redemption provisions are within the Company’s exclusive control, the preferred shares do not meet the criteria for liability classification under ASC 480-10-25-7. Furthermore, the shares do not meet the temporary equity classification criteria under ASC 480-10-S99-3A since redemption is not outside of the Company’s control.

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Accordingly, unless otherwise noted, the Company presents all issuances of Series A and Series B Preferred Stock as a component of stockholders' equity in the financial statements.

The Company continually evaluates its capital structure and preferred stock agreements to ensure proper classification and compliance with FASB ASC 480 and SEC guidance on redeemable securities.

Related Parties

The Company defines related parties in accordance with ASC 850, "Related Party Disclosures," and SEC Regulation S-X, Rule 4-08(k). Related parties include entities and individuals that, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company.

Related parties include, but are not limited to:

- Principal owners of the Company.
- Members of management (including directors, executive officers, and key employees).
- Immediate family members of principal owners and members of management.
- Entities affiliated with principal owners or management through direct or indirect ownership.
- Entities with which the Company has significant transactions, where one party has the ability to exercise control or significant influence over the management or operating policies of the other.

A party is considered related if it has the ability to control or significantly influence the management or operating policies of the Company in a manner that could prevent either party from fully pursuing its own separate economic interests.

The Company discloses all material related party transactions, including:

- The nature of the relationship between the parties.
- A description of the transaction(s), including terms and amounts involved.
- Any amounts due to or from related parties as of the reporting date.
- Any other elements necessary for a clear understanding of the transactions' effects on the financial statements.

Disclosures are made in accordance with ASC 850-10-50-1 through 50-6 and SEC Regulation S-X, Rule 4-08(k), which requires registrants to disclose material related party transactions and their effects on the financial position and results of operations.

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Recent Accounting Standards

Recently Issued Accounting Standards Not Yet Adopted

FASB ASU 2023-09 – Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, which enhances income tax disclosure requirements by:

- Standardizing and disaggregating rate reconciliation categories.
- Requiring disclosure of income taxes paid by jurisdiction.

This ASU is effective for annual periods beginning after December 15, 2024, and may be applied on a prospective or retrospective basis.

The Company adopted ASU 2023-09 on January 1, 2025, and the adoption did not have a material impact on the Company's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement (Topic 220): Reporting Comprehensive Income - Expense Disaggregation Disclosures, Disaggregation of Income Statement Expenses* ("ASU 2024-03"), that requires public companies to disclose, in interim and reporting periods, additional information about certain expenses in the financial statements. Further clarified by ASU 2025-01, *Income Statement (Topic 220): Reporting Comprehensive Income - Expense Disaggregation Disclosures, Disaggregation of Income Statement Expenses*, issued in December 2025. The ASU is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted and is effective on either a prospective basis or retrospective basis. The Company is currently assessing the potential impacts of ASU 2024-03.

In November 2024, the FASB issued ASU 2024-04, *Debt with Conversion and Other Options (Subtopic 470-20)* ("ASU 2024-04"), which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. ASU 2024-04 is effective for annual periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in Update 2020-06. Adoption can be on a prospective or retrospective basis. The Company is currently evaluating the disclosure impact that ASU 2024-04 may have on its financial statement presentation and disclosures.

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Other Accounting Standards Updates

The FASB has issued various technical corrections and industry-specific updates that are not expected to have a material impact on the Company's financial position, results of operations, or cash flows.

Note 3 – Property and Equipment

Property and equipment consisted of the following:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>Estimated Useful Lives (Years)</u>
Equipment	\$ 128,830	\$ 128,830	5
Accumulated depreciation	<u>(104,027)</u>	<u>(94,727)</u>	
Total property and equipment - net	<u>\$ 24,803</u>	<u>\$ 34,103</u>	

Depreciation Expense

<u>Three Months Ended</u>		<u>Six Months Ended</u>	
<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
\$ 4,650	\$ 5,852	\$ 9,300	\$ 12,032

Note 4 – Convertible Advance Payable

The Company's advances payable are as follows:

<u>Terms</u>	<u>Convertible Advance Payable</u>
Issuance date of advances	Prior to 2018
Maturity date	Due on Demand
Interest rate	0%
Collateral	Unsecured
Conversion feature	45% discount to market price
Balance - December 31, 2023	563,000
No activity in 2024	<u>-</u>
Balance - December 31, 2024	563,000
No activity	<u>-</u>
Balance - June 30, 2025	<u>\$ 563,000</u>

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The Company has a \$310,000 advance payable to a former Chief Financial Officer of the Company. The advance was originally issued with no formal terms. Pursuant to a 2017 bankruptcy proceeding, the creditor holds the option of repayment in either cash or shares of the Company's common stock, at a 45% discount to the current market price of the common stock.

The Company has accounted for the advance payable under FASB ASC 480-10-25-14, given the obligation to issue a variable number of shares based solely or predominately on a fixed monetary amount, and recorded the liability at its fair value of \$563,000 representing the holder's discount to market on its common shares expected upon settlement.

Note 5 - Debt

Note Payable - Related Party and Warrants Issued as Debt Discount

Year Ended December 31, 2023

Background

Note #2

In April 2023, the Company executed a one (1) year note with a shareholder and 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.

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.

In September 2024, the Company and the lender agreed to extend the due date of the remaining note balance of \$150,000 for an additional six-months (6) to March 2025.

The Company repaid \$100,000 and \$250,000 of note principal in 2024 and 2023, respectively. The remaining \$150,000 was repaid in 2025.

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Evaluation of Debt Modification vs. Extinguishment

Under ASC 470-50-40, a modification or exchange of debt instruments must be evaluated to determine if it should be accounted for as a debt extinguishment or as a modification of the existing debt. The Company performed the following assessments:

1. Evaluation of Substantive Changes in Terms

A debt modification or exchange is considered a substantive change and is accounted for as an extinguishment if:

- A conversion feature that was substantive at the modification date is added or eliminated.
- The terms of the new debt are substantially different from the original debt, determined by applying the 10% cash flow test.

The Company evaluated the debt extensions and determined that:

- The extensions did not add or eliminate a conversion option that was substantive at the modification date.
- The present value of the modified debt's cash flows did not differ by 10% or more from the remaining cash flows under the original instrument.
- There was no significant change in interest rate, collateral, or repayment terms beyond the extensions.

Since these factors did not meet the criteria for substantive modification, the Company concluded that no debt extinguishment occurred. Accordingly, there was no calculation of gain or loss

Warrants Issued with Debt

In connection with the issuance of the \$500,000 note, the Company also issued 100,000 warrants to the lender, which had a fair value of \$126,699, and was 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.

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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%

Year Ended December 31, 2024

Note #3

In August 2024, the Company executed a four-month (4) note with a shareholder and board director for \$100,000. The note bears interest at 0% 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.

For the year ended December 31, 2024, the Company recorded imputed interest expense (8%) on this note of \$2,783 and increased additional paid-in capital.

This note was repaid in full in March 2025.

Note #4

In February 2025, the Company executed a note with a shareholder and board director for \$100,000. The note was non-interest bearing and unsecured. The note was required to be repaid within one-month (1) of the Company receiving a capital investment of a sufficient amount to make this repayment. The \$100,000 advance was repaid in full. For the six months ended June 30, 2025, the Company recorded imputed interest expense (8%) on this note of \$1,337 and increased additional paid-in capital.

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The following is a summary of the notes payable – related party for the period ended June 30, 2025:

<u>Terms</u>	<u>Note Payable #1 Related Party</u>	<u>Note Payable #2 Related Party</u>	<u>Note Payable #3 Related Party</u>	<u>Note Payable #4 Related Party</u>	
Issuance dates of notes	August 2022	April 2023	August 2024	February 2025	
Maturity date	December 2025	March 2025	December 2024	March 2025	
Interest rate	10%	8%	0%	0%	
Imputed interest rate	N/A	N/A	8%	8%	
Default interest rate	20%	20%	20%	None	
Collateral	PET-CT Imaging Device	PET-CT Imaging Device	PET-CT Imaging Device	Unsecured	
					Total
Balance - December 31, 2023	1,200,000	218,325	-	-	1,418,325
Proceeds from issuance of note	-	-	100,000	-	100,000
Repayments	-	(100,000)	-	-	(100,000)
Amortization of debt discount	-	31,675	-	-	31,675
Balance - December 31, 2024	1,200,000	150,000	100,000	-	1,450,000
Proceeds from issuance of note	-	-	-	100,000	100,000
Repayments	-	(150,000)	(100,000)	(100,000)	(350,000)
Balance - June 30, 2025	<u>\$ 1,200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200,000</u>

Interest expense for the six-months ended June 30, 2025 and 2024 was \$64,844 and \$68,143, respectively.

Total unamortized debt discount at June 30, 2025 and December 31, 2024 was \$0, respectively.

In March 2025, Note #1 was extended to December 31, 2025.

Notes Payable

Year ended December 31, 2024

In September 2024, the Company executed a three-month (3) note with a shareholder for working capital of \$300,000. The note has a stated interest rate of 0% with a default interest rate of 20%. The Company has imputed interest at 8%. The note is secured by the net proceeds from the Company's PET imaging devices and service contracts.

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The following is a summary of notes payable for the years ended December 31, 2024:

<u>Terms</u>	<u>Note Payable #1</u>
Issuance date of note	September 2024
Maturity date	December 2024
Interest rate (imputed)	8%
Default interest rate	20%
Collateral	PET-CT Imaging Device
Balance - December 31, 2023	-
Proceeds from issuance of note	300,000
Conversion to common stock	<u>(300,000)</u>
Balance - December 31, 2024	<u><u>\$ -</u></u>

For the year ended December 31, 2024, the Company recorded imputed interest expense on this note of \$3,814 and increased additional paid-in capital.

This \$300,000 was converted into 375,000 shares of common stock in November 2024.

See Note 7.

Note 6 – Commitments and Contingencies

Operating Lease

The Company accounts for leases in accordance with ASC 842: Leases, which requires lessees to apply the right-of-use (ROU) model by recognizing a right-of-use asset and a lease liability for all leases with terms exceeding 12 months.

Lease classification determines the pattern of expense recognition in the consolidated statement of operations:

- Operating leases: Recognized on a straight-line basis as lease expense over the lease term.

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Lease Recognition and Measurement

The Company evaluates whether an arrangement contains a lease at inception and recognizes the lease in the financial statements upon lease commencement (the date the underlying asset is available for use). ROU assets represent the Company's right to use an asset over the lease term, while lease liabilities reflect the present value of future lease payments.

At lease commencement:

- ROU assets and lease liabilities are initially measured at the present value of lease payments.
- The Company primarily uses its incremental borrowing rate (IBR) to determine the present value of lease payments, except when an implicit rate is readily determinable.
- The IBR is based on market data, adjusted for credit risk and lease term.

Practical Expedients and Lease Components

The Company applies certain practical expedients to simplify lease accounting:

- Lease and non-lease components are combined for classification and measurement, except for direct sales-type leases and production equipment embedded in supply agreements.
- Short-term leases (12 months or less, without purchase or renewal options) are not recorded on the balance sheet.

Lease Term and Expense Recognition

- Lease liabilities include options to extend or terminate when reasonably certain of exercise.
- Operating lease expense is recognized on a straight-line basis over the lease term and reported under general and administrative expenses.
- Variable lease payments based on an index/rate are initially measured using the rate at lease commencement, with differences expensed as incurred.

Company Lease Commitments

As of June 30, 2025 and December 31, 2024, the Company had no finance leases under ASC 842.

On March 17, 2022, the Company executed a five-year lease extension for its office space, covering the period from June 1, 2022, through May 31, 2027.

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- Lease term: 60 months (five years)
- Monthly lease payments:
 - Years 1-3: \$1,600 per month
 - Years 4-5: \$1,700 per month
- Total lease obligation: \$100,800 for the first three years and \$40,800 for the last two years
- Renewal option: The Company has the option to extend the lease for an additional five years through May 31, 2032.
- Lease classification: The lease is evaluated under ASC 842, Leases, and recorded as a right-of-use (ROU) asset and lease liability based on the present value of lease payments at lease commencement.
- Renewal option assessment: At lease inception, based on historical operations, the Company does not expect to exercise the renewal option and has excluded it from lease liability calculations.

The Company recognizes lease expense on a straight-line basis over the lease term.

See Note 11 regarding the cancellation of this lease on August 1, 2025, as well as the execution of a new right-of-use operating lease.

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The tables below present information regarding the Company's operating lease asset and liability at June 30, 2025 and December 31, 2024, respectively:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Assets		
Operating lease - right-of-use asset - non-current	<u>\$ 30,911</u>	<u>\$ 38,976</u>
Liabilities		
Operating lease liability	<u>\$ 36,138</u>	<u>\$ 44,202</u>
Weighted-average remaining lease term (years)	<u>1.92</u>	<u>2.42</u>
Weighted-average discount rate	<u>8%</u>	<u>8%</u>

The components of lease expense were as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Operating lease costs		
Amortization of right-of-use operating lease asset	\$ 8,065	\$ 8,065
Lease liability expense in connection with obligation repayment	<u>1,635</u>	<u>\$ 2,247</u>
Total operating lease costs	<u>\$ 9,700</u>	<u>\$ 10,312</u>

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

Operating cash outflows from operating lease (obligation payment)	<u>\$ 9,700</u>	<u>\$ 9,600</u>
Right-of-use asset obtained in exchange for new operating lease liability	<u>\$ -</u>	<u>\$ -</u>

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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 at December 31,:

2025 (6 months)	\$	10,200
2026		20,400
2027		8,500
Total undiscounted cash flows		39,100
Less: amount representing interest		2,962
Present value of operating lease liability		36,138
Less: current portion of operating lease liability		17,609
Long-term operating lease liability	\$	18,529

Contingencies – Legal Matters

The Company may be subject to litigation claims arising in the ordinary course of business. The Company records litigation accruals for legal matters which are both probable and estimable and for related legal costs as incurred. The Company does not reduce these liabilities for potential insurance or third-party recoveries.

As of June 30, 2025 and December 31, 2024, respectively, the Company is not aware of any litigation, pending litigation, or other transactions that require accrual or disclosure.

Note 7 – Stockholders’ Equity

The Company has three (3) classes of stock:

Preferred Stock Authorization and Designation

The Company’s Certificate of Formation, as amended, authorizes the issuance of 20,000,000 shares of preferred stock, which may be issued from time to time in one or more series.

Pursuant to this authorization, the Board of Directors has the sole discretion, without requiring shareholder approval, to establish and define the specific rights, preferences, privileges, and restrictions applicable to each series of preferred stock before issuance.

These designations may include, but are not limited to:

- Dividend rights, including payment structure, rates, and priority over common stock.
- Voting rights, which may be full, limited, or non-voting.
- Redemption terms, including whether shares are redeemable at the option of the Company or the holder.

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- Provisions for purchase, retirement, or sinking funds to support the redemption or repurchase of shares.
- Conversion and exchange rights, detailing the terms under which preferred shares may convert into common stock or other securities.
- Liquidation preferences, establishing the priority of preferred stockholders in the event of a voluntary or involuntary liquidation, dissolution, or winding up of the Company.
- Relative rights and ranking among different series of preferred stock.

The Company's Preferred Stock is summarized as follows:

Feature	Series A, Preferred Stock
Authorized Shares	5,450,000
Par Value	\$1/share
Voting Rights	1 vote per share (as converted basis)
Dividend Rights	8% per annum, only upon Board declaration
Liquidation Preference	Senior to common stock & Series B Preferred Stock
Redemption Rights	Redeemable at \$1.46/share plus undeclared and unpaid dividends. Requires 30 day's advance notice. Only if the Company's common stock closes above \$2/share for 20 consecutive trading days. Solely at the option of the Company.
Conversion Feature	Convertible into 1/400th of a share of common stock. Equivalent of 1,088 shares at June 30, 2025 and December 31, 2024, respectively.
	Series B, Preferred Stock
Authorized Shares	9,000,000
Par Value	\$1/share
Voting Rights	100 vote per share (as converted basis)
Dividend Rights	Accrued only upon Board declaration
Liquidation Preference	Senior to common stock, but junior to Series A Preferred Stock
Conversion Feature	Convertible into 1/400th of a share of common stock. Equivalent of 48,000 shares at June 30, 2025 and December 31, 2024, respectively.

Common Stock

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

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Equity Transactions for the Six Months Ended June 30, 2025

Stock Issued for Cash

The Company issued 8,000,000 shares of common stock for \$8,000,000 (\$1/share).

Common Stock Repurchase Agreement

The Company repurchased 4,000,000 shares of common stock from a stockholder for \$2,500,000 (\$0.60 - 0.75/share).

The repurchased shares were cancelled and retired upon acquisition and are no longer considered issued or outstanding. In accordance with ASC 505-30, Equity – Treasury Stock, and consistent with the Company’s corporate charter and applicable state law, the cancelled shares were returned to the status of authorized but unissued, thereby increasing the number of shares available for future issuance.

The repurchase was accounted for as a reduction to stockholders’ equity, with the purchase price allocated entirely to Additional Paid-in Capital (“APIC”), as the Company had sufficient APIC available from prior issuances. No gain or loss was recognized in connection with this transaction. The cash outflow related to the stock repurchase is classified as a financing activity in the statement of cash flow.

In conjunction with the stock repurchase, the Company also issued 500,000 freestanding warrants to the selling stockholder. The warrants have an exercise price of \$1 and expire on December 31, 2026. The warrants were classified as equity instruments under ASC 815-40 and recorded at fair value, with a corresponding credit to APIC. As the warrants were issued as part of the consideration for the share repurchase, their fair value was included in the total cost of the repurchase transaction, resulting in a net effect of \$0 on total stockholders’ equity.

See Note 9 for warrants.

Stock Issued for Services

The Company issued 100,000 shares of common stock to a consultant for services rendered, having a fair value of \$177,000 (\$1.77/share), based upon the quoted closing trading price.

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Equity Transactions for the Year Ended December 31, 2024

Cash

The Company issued 1,500,000 shares of common stock for \$1,400,000 (\$0.80 - \$1/share).

Stock Issued for Services

The Company issued 500,000 shares of common stock to a consultant for services rendered, having a fair value of \$525,000 (\$1.05/share), based upon the quoted closing trading price.

Conversion of Note to Common Stock

The Company issued 375,000 shares of common stock in connection with the conversion of a \$300,000 note payable. There was no gain or loss recorded on debt conversion. See Note 5.

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. Since adoption, there have been no grants under this Plan.

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Note 9 – Warrants

Warrant activity for the six months ended June 30, 2025 and the year ended December 31, 2024 are summarized as follows:

<u>Warrants</u>	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value</u>
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
Granted	250,000	\$ 1.00		
Exercised	-			
Cancelled/Forfeited	-			
Outstanding - December 31, 2024	1,600,000	\$ 0.24	1.63	\$ 1,231,000
Exercisable - December 31, 2024	1,600,000	\$ 0.24	1.63	\$ 1,231,000
Granted	500,000	\$ 1.00		
Exercised	-			
Cancelled/Forfeited	-			
Outstanding - June 30, 2025	2,100,000	\$ 0.42	1.22	\$ 2,202,000
Exercisable - June 30, 2025	2,100,000	\$ 0.42	1.22	\$ 2,202,000

In December 2024, the Company extended the maturity dates of 1,000,000 warrants from December 31, 2024 to December 31, 2026. The value resulting from this modification was not considered material to the financial statements.

Note 10 – Subsequent Events

Subsequent to June 30, 2025, the Company had the following transactions:

Right-of-Use Operating Lease

On July 8, 2025, the Company executed a five-year lease for its office space, covering the period from July 8, 2025 to July 8, 2030.

- Lease term: 60 months (five years)
- Monthly lease payments:
 - Months 1-12: \$3,626 per month
 - Months 13-24: \$3,777 per month
 - Months 25-60: \$4,200 per month
- Total lease obligation: \$240,040 (excluding variable monthly operating expenses)

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- Occupancy date: August 1, 2025
- Renewal option: The lease has no renewal options.
- Lease classification: The lease is evaluated under ASC 842, Leases, and recorded as a right-of-use (ROU) asset and lease liability based on the present value of lease payments (\$196,049) at lease commencement.
- Lease incentives/allowances – none
- Guarantee – The lease is guaranteed by the Company’s Chief Executive Officer. The guarantee is unconditional and continuing, and covers the full performance of the lease obligations, including payment of rent and fulfillment of all tenant responsibilities.

The Company recognizes lease expense on a straight-line basis over the lease term.

Right-of-Use Operating Lease – Lease Termination

On June 26, 2025, the Company entered into an agreement to terminate its existing operating lease, which was originally scheduled to expire on May 31, 2027. The last payment was made July 1, 2025. Pursuant to the agreement, the termination is effective as of August 31, 2025.

As part of the termination agreement, the Company paid a lump-sum settlement of \$20,000 to the lessor. This payment has been recorded as a lease termination expense in the consolidated statement of operations in 2025.

Upon termination, the Company:

- Derecognized the right-of-use (ROU) asset and the corresponding lease liability related to the lease;
- Recognized any difference between the asset and liability as a gain or loss on lease termination;
- Included the \$20,000 termination fee in the total expense recognized upon derecognition.

Loss on lease termination of \$15,018 was calculated as follows:

Right-of-Use Asset	\$28,228
Cash paid to terminate lease	20,000
Lease liability	<u>(33,210)</u>
Loss on lease termination	<u>\$15,018</u>