UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **December 31, 2023**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __ to __

Commission File Number **333-255642**

Evome Medical Technologies, Inc.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**Not Applicable**
(State or other jurisdiction of incorporation)	(IRS Employer Identification Number)
Shirley, New York, United States	**11967**
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: **1-800-760-6826**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒
Smaller reporting company ☒	Emerging growth company ☒	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☒

As of December 31, 2023, the last business day of the registrant's most recently completed fiscal year, the aggregate market value of the voting stock held by non-affiliates of the registrant was $11,288,882 (based on the closing price of the common shares as reported on the TSXV of $ 0.21 per share).

As of April 9, 2024 (latest practicable date), 57,833,591 common shares, no par value, and 21,056,409 Class A shares, no par value, were outstanding.

EVOME MEDICAL TECHNOLOGIES, INC.AND SUBSIDIARIES

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EXPLANATORY NOTE

On December 14, 2022, the Board of Directors of the Company approved a change to its fiscal year from February 28 to December 31. The Company's fiscal year now begins on January 1 and ends on December 31 of each year, starting on January 1, 2023.

As used in this Annual Report on Form 10-K, the terms "we," "us," "our," the "Company" and "Evome" mean Evome Medical Technologies, Inc. and its subsidiaries (unless the context indicates a different meaning).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report, including, without limitation, statements under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "plans," "may," "will," "potential," "projects," "predicts," "continue," or "should," "could", "may", "might" "will" and "would" or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations. Such statements include, but are not limited to, any statements relating to the future effects of the COVID-19 pandemic, the general expansion of our business, and other statements which are not statements of current or historical facts.

The forward-looking statements contained in this annual report are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We caution readers not to place undue reliance on any forward-looking statements, which speak only as of the dates on which they are made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under "Risk Factors" may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this annual report. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this annual report, those results or developments may not be indicative of results or developments in subsequent periods.

PART I

ITEM 1. BUSINESS

COMPANY OVERVIEW

Evome Medical Technologies Inc. (formerly Salona Global Medical Device Corporation) is a U.S.-based corporation specializing in human performance and rehabilitative solutions. We achieve this through strategic acquisitions, leveraging the intellectual properties of specialized companies under our wholly-owned subsidiaries: Biodex Medical Systems, Inc. ("Biodex"), a New York corporation, South Dakota Partners, Inc., a South Dakota corporation ("SDP"), Mio-Guard, LLC, a Michigan limited liability company ("Mio-Guard"), DaMar Plastics Manufacturing Inc., a California corporation ("DaMar"), Simbex, LLC, a New Hampshire limited liability company ("Simbex"), ALG Health Plus, LLC, a Delaware limited liability company ("Health Plus"), and Arrowhead Medical, LLC ("Arrowhead"), a Minnesota limited liability company. These acquisitions enable us to develop, manufacture, and distribute medical devices, including proprietary and white-label products.

Our product portfolio comprises various devices used for pain management and physical therapy treatments, including isokinetic dynamometers, perturbation gait trainers, balance assessment and recovery devices, neuromuscular electrical stimulation ("NMES") devices, transcutaneous electrical nerve stimulation ("TENS") devices, ultrasound treatment devices, wearable technology, and other products designed for the prevention, treatment, and rehabilitation of the human body.

To achieve scalability, our strategy involves continuous product launches targeting the Private Practice Physical Therapy segment within the Physical Medicine Market. We prioritize enhancing accessibility to cost- effective and space-efficient products and services, specifically catering to individuals aged sixty-five and above, a demographic with consistent demand due to government-sponsored medical coverage in the U.S.

While our current operations mainly focus on recovery science and technologies aiding post-surgical recovery and disease prevention, we anticipate expanding further into the human performance and rehabilitation sector. We actively seek acquisition opportunities within and adjacent to this vertical to capitalize on the projected significant growth of the U.S. occupational and physical therapy services market.

According to forecasts from fortunebusinessinsights.com, this market is expected to reach USD 92.38 billion by 2030, with a compound annual growth rate ("CAGR") of 8.2% from USD 53.08 billion in 2023. Additionally, we aim to optimize our operations by prioritizing higher-margin products and business units.

Our common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "EVMT." Our registered office is Suite 200E, 1515A Bayview Avenue, East York, Ontario, and our headquarters are located at 49 Natcon Drive, Shirley, NY, 11967.

Unless otherwise noted, all figures in this report are reported in Canadian Dollars.

Plan of Operations

Our primary objective is to establish ourselves as a leading developer, manufacturer, and supplier of non- invasive medical device products through both organic growth initiatives and the introduction of new product lines. Biodex Medical Systems, known for its distinguished reputation as the foremost provider of isokinetic dynamometer machines globally, forms a core part of our strategic approach. We aim to capitalize on this strong brand recognition within institutional settings such as hospitals and universities, while simultaneously expanding into the rapidly growing field of recovery medicine, with a specific focus on the private physical therapy market.

In the short term, the company has initiated measures to enhance its financial standing by reducing acquisition debts and optimizing its balance sheet through the divestment of non-core business units, namely Arrowhead, Simbex and Mio-Guard. With a dedicated focus on revenue and profit growth, we have recently launched the Reactive Step Trainer, a groundbreaking device aimed at enhancing balance and reducing the risk of tripping and falling, particularly among elderly patients. Additionally, we are preparing to introduce the SpaceTek Knee, an innovative isokinetic device developed in collaboration with NASA. These strategic endeavors are intended to meet the increasing market demand while reinforcing our reputation as pioneers in non-invasive medical device technology.

Our longer-term objectives encompass:

- Leveraging sales distribution networks to expand our distribution in U.S. and International channels,
- Increasing our product lines by developing, in-licensing or acquiring new intellectual property for protected devices that are synergistic with acquisitions,
- Increasing profits through debt reduction and operational efficiency to reduce supply chain risks, increase cash flow, and margins.

Growth Plan

We expect our recently introduced products in 2024 to drive organic growth and enhance profitability. The company is poised to expand its presence in the rapidly growing Private Physical Therapists market by offering affordable and space-efficient devices. Concurrently, we will sustain growth in the institutional market with our existing product line. We will continue our acquisition-oriented growth strategy leveraging the capital markets to target smaller U.S.-based private medical device companies by offering stock and cash to acquire such companies and integrate them into a large, broad-based medical device company. Through this growth strategy, we intend to increase our overall revenue and profits and therefore earnings per share by:

- Increasing revenues through international distribution networks in Europe, Australia, and other markets to increase sales for each acquired company.
- Increasing our product lines by developing, in-licensing or acquiring new intellectual property for protected devices that are synergistic with the acquisitions.
- Increasing profits through operational integration in an effort to reduce supply chain risks and increase cash flow and margin.

New Products

In 2024, we are proud to introduce two groundbreaking products: the SpaceTek Knee™ Device and the Reactive Step Trainer ("RST") by BiodexRehab. The SpaceTek Knee™ Device, developed in collaboration with NASA, is a portable, compact dynamometer isokinetic testing and rehabilitation device designed for small clinics. It offers portability, affordability, and high-quality performance, addressing joint issues at an accessible price point of approximately $25,000 (USD). The RST by BiodexRehab merges proven Gait Trainer technology with e-trip innovation to provide reproducible, task-specific step perturbation at a fraction of current machine costs, making balance training accessible to all clinicians and patients.

Looking ahead, Evome is poised for continuous growth and innovation in the expanding physical rehabilitation and recovery market. By prioritizing the creation of new IP and aiming for biannual product launches, we are committed to driving positive change in the industry. Recent acquisitions provide a solid foundation for developing cutting-edge products, offering flexibility for in-house manufacturing or strategic partnerships to optimize profitability.

OUR OPERATIONS

Biodex Medical Systems, Inc.

Overview

Established in 1970, Biodex specializes in rehabilitation equipment within the medical device market, offering dynamometers, treadmills, and balance trainers. All products are developed, designed, and manufactured in- house. These products are distributed both domestically in the United States and internationally, with a focus on Europe and Japan. Biodex operates from a single facility located in Shirley, New York, employing approximately 60 individuals and maintaining relationships with 50 distributor groups. Additionally, under a Contract Manufacturing Agreement with Mirion Technologies, Biodex manufactures nuclear medicine products.

Customers, Sales and Marketing

Our primary customers include physical therapists, athletic trainers, orthopedic surgeons, hospitals, universities, research centers, healthcare distributors, and, in their capacity as agents, healthcare purchasing organizations or buying groups. These customers range from large multinational enterprises to independent clinicians.

We have operations in more than 25 countries and market products in more than 100 countries. We manage our operations through two major geographic segments – the Americas, which is comprised principally of the U.S. and includes other North, Central and South American markets; International which is comprised principally of Europe, the Middle East and Africa markets, Asia Pacific, which is comprised primarily of Japan and China. There is approximately a even split of sales between the America's and International business in 2023.

We market and sell products through two principal channels: 1) direct to healthcare institutions, such as hospitals or direct channel accounts; 2) directly to healthcare distributors. With direct channel accounts, inventory is generally consigned to sales agents or customers. With sales to stocking distributors, healthcare dealers, physical therapists' practices and orthopedic surgeons title to product passes upon shipment or upon implantation of the product. Direct healthcare distributers represented approximately 75 percent of our net sales in 2023.

We utilize a network of sales associates, sales managers and support personnel, most of whom are employed or contracted by independent distributors and sales agencies. We invest a significant amount of time and expense in training sales associates in how to use specific products and how to best inform surgeons of product features and uses. Sales force representatives must have strong technical selling skills and medical education to provide technical support for surgeons.

In response to the different healthcare systems throughout the world, our sales and marketing strategies and organizational structures differ by region. We utilize a global approach to sales force training, marketing and medical education to provide consistent, high-quality service. Additionally, we keep current with key physical medicine developments and other issues related to physical therapy, orthopedic surgeons, and the clinical procedures they perform.

Products

Isokinetic Systems: Brands include System 4 Pro, System 4 MVP, System 4 Quick-Set, and SpaceTek Knee. Biodex's System 4 series currently dominates the market with over 60% market share. This success is attributed to a strong brand presence, continuous innovation, and favorable market conditions. With the introduction of the SpaceTek Knee, co-developed with NASA, Biodex anticipates further strengthening its market position.

Balance Testing and Training Devices: Brands include Balance System SD, BioSway, and Balance Games. Biodex holds a leading position in orthopedic, sports, and older adult balance equipment, excluding the Ear, Nose, and Throat ("ENT") sector. Versatility, innovative features like Vibrotactile feedback, and interactive rehabilitation games contribute to Biodex's competitive advantage.

Gait Trainers and Perturbation System: Brands include Gait Tainer 3, Gait Trainer Music Assisted, and Reactive Step Trainer ("RST"). While pioneering this field, Biodex has garnered attention for its innovative offerings, including the RST, which combines multiple functionalities at an affordable price point, setting it apart from competitors.

Government Regulation and Compliance

Government regulation and compliance are integral aspects of our business operations across various countries. In the United States, our activities are governed by an array of laws and regulations that oversee the entire lifecycle of medical devices from development to market entry. These regulations encompass statutes such as the Federal Food, Drug, and Cosmetic Act, alongside its corresponding regulatory framework.

Under the purview of the Food and Drug Administration (FDA), comprehensive regulations dictate the development, manufacturing, advertising, promotion, and postmarket surveillance of medical products, including devices. The FDA plays a critical role in ensuring that only safe and effective products reach the public by regulating market access through rigorous processes. On an international scale, we collaborate closely with our regional distributors to guarantee adherence to regulations, ensuring that regulatory submissions are promptly and accurately handled.

DaMar Plastics Manufacturing, Inc.

Overview

DaMar, based in El Cajon, California, was established in 1970 as a custom plastics injection molding business. Its services extend beyond injection molding to include assembly, packaging, and mold making. Acquired by the company in September 2022, DaMar complements existing services, catering to various industries, including medical devices, satellite technology, and consumer products.

Products

Specializing in injection molded parts, DaMar serves diverse sectors such as medical, construction, consumer products, and Original Equipment Manufacturer ("OEM") companies. The company offers value-added solutions such as assembly, packaging, and printing. DaMar is known for its regional leadership in utilizing sustainable materials like recycled and biodegradable plastics.

Regulatory

DaMar adheres to a Quality Management System certified by ISO 9001:2015. It is in the process of obtaining ISO 13485 certification. While not FDA registered, DaMar's customers, mainly from the medical device industry, often hold FDA registration.

Market

DaMar operates within the global plastic contract manufacturing market, which reached US$ 32.4 billion in 2021. The market is expected to grow to US$ 44.52 billion by 2027, driven by demand from consumer electronics and medical device industries. DaMar focuses on the U.S. market, emphasizing its use of recycled materials and commitment to "Made in the USA" products. (Source: Plastic Contract Manufacturing Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2022-2027 (imarcgroup.com)

Marketing Strategies

DaMar primarily relies on its reputation, word of mouth, and website for sales. It targets customers across various industries, leveraging its expertise in sustainable materials and custom molding capabilities.

South Dakota Partners, Inc.

Overview

Based in Clear Lake, South Dakota, SDP specializes in white-label medical device manufacturing, primarily focusing on pain management, cold and hot therapy, TENS, NMES, Pulsed Electromagnetic Field Technology (“PEMF”), and ultrasound therapy. The majority of SDP's revenue is derived from services related to production, production planning, shipping, and packaging and servicing products. SDP offers an end-to-end solution for the supply chain within the medical device industry. SDP not only assists in the development of medical device products but also provides the layout and design of the entire production process of a device, from sourcing to final fulfillment, which requires expertise from engineers of many different disciplines, compliance experts, and technical experts. This process often includes the production of specialized automated robotic systems for use in reducing cost and increasing efficiency and fidelity of the process.

Products

SDP offers end-to-end solutions for medical device supply chains, including production, packaging, and servicing. Its services encompass production planning, shipping, and technical support. SDP also provides repair services and manages customer interactions from order placement to final delivery.

Technologies

SDP utilizes various technologies such as TENS, PEMF, NMES, Hot/Cold Therapy, Laser Treatment, and Continuous Passive Motion ("CPM"). These technologies cater to pain management and post-surgical care needs.

Regulatory

Registered with the FDA as a contract manufacturer and importer of medical devices, SDP adheres to ISO 13485:2016 standards. It maintains quality agreements with customers and employs regulatory experts to ensure compliance with FDA regulations.

Market

SDP serves medical device companies globally, with a focus on the U.S. healthcare industry. The aging population and increasing demand for post-surgical care drive market growth. SDP mitigates risks associated with economic downturns through its diversified customer base.

Marketing Strategies

SDP's sales rely on reputation, word of mouth, and industry contacts. SDP's go-to-market strategy includes in-person interactions and participation in industry events.

Simbex, LLC

Overview

Based in Lebanon, New Hampshire, our subsidiary Simbex is a medical device and consumer health product design and development firm. Simbex offers both engineering services and commercialization strategy consulting for the Company's subsidiaries and other companies of all sizes. Simbex takes a holistic approach to product design and development to ensure any products it develops are not only engineered well but have excellent market fit. Products range from wearable technology to products for physical stability. Given the nature of its services, Simbex has been instrumental in developing and innovating IP-based assets for its customers and has agreements that generate ongoing royalties.

Products - Engineering Expertise

Simbex offers services for mechanical & electrical design & engineering, design & human factors, software & web development, and applied research and algorithm development. Simbex approaches its services from a systems integration viewpoint with a process that starts by defining functional requirements and specifications of the design that take into consideration every step of the product life cycle. The outcome allows the final product to not only seamlessly integrate to meet functional needs, but also allows the product to integrate with external systems to meet manufacturing, distribution, packaging, and maintenance needs. By incorporating user feedback throughout development, Simbex creates products that meet human needs. Simbex has a diverse group of developers to cover the needs of users from embedded firmware to cloud based solutions. Drawing from their background in academic research and data analytics, Simbex helps drive product direction and strategy that is based on sound science and actionable data.

Quality and Regulatory

Simbex maintains a Quality Management System which is compliant to ISO 13485 and the FDA's Quality System Regulation 21 CFR 820 for the development of medical devices and meets all applicable regulatory standards. Its experienced engineering staff has developed products for many industry-leading companies and provide a detailed Design History File, Device Master Record, and Risk Analysis compliant with ISO 14971.

Commercialization Strategy

Simbex recognizes that great products require both technical implementation and well- thought-out business strategy. In collaboration with its engineering process, Simbex's commercialization strategy team helps companies understand product market fit, regulatory strategy, reimbursement opportunities, and general business requirements. In the United States, medical device manufacturers must undergo rigorous testing and registration processes. Simbex brings unique expertise to these businesses in the design, registration, and go to market strategy for businesses attempting to take novel medical devices to market.

Market

Simbex services medical device and consumer health companies with operations predominantly in the U.S. The U.S. healthcare industry continues to grow rapidly as the population of 65+ individuals continues to climb. The U.S. healthcare industry is often seen as not being acyclical or as being recession resistant due to the critical nature of its services. Simbex strives to innovate and develop products that meet the needs of the rapidly aging U.S. population and assist clients and the Company in growing revenues, improving products, and developing IP.

Marketing Strategies

Simbex is recognized as a premier product design and development firm. Its business is driven by reputation, word of mouth and contacts known within the industry.

On April 2, 2024, the Company entered into and completed a divestiture of Simbex pursuant to a membership interest purchase agreement with the acquiring company ("Simbex Purchaser") providing for the acquisition of all ownership interests of Simbex by the Simbex Purchaser.

ALG Health Plus, LLC

On November 29, 2021, in connection with the acquisition of certain assets of ALG Health, LLC, the Company launched a new U.S. sales subsidiary called ALG Health Plus, LLC ("ALG Health Plus"), aimed at selling medical devices and supplies to small, independent hospitals and group purchasing organizations ("GPOs"), organizations that offer small medical offices and clinics access to devices and supplies on a larger scale creating efficiencies by aggregating purchasing volumes. As the Company continues to acquire and develop additional products, we also look to expand sales opportunities by ALG Health Plus with those products. ALG Health Plus was developed in partnership with experienced sales executives to attempt to sell medical supplies and devices to GPO's and other large businesses and systems. The sales channel for ALG Health Plus is dormant at this time.

Mio-Guard, LLC

Overview

Acquired in March 2022, Mio-Guard specializes in wholesaling sports medicine products across the U.S., with a focus on the Midwest, South and Central regions. Its clientele includes athletic training rooms, physical therapy clinics, and various sports institutions.

Products

Mio-Guard offers products for injury prevention and recovery, including capital equipment furnishings, capital equipment modalities, supplies for preventative care, and supplies for injury and rehabilitation. Its products cater to the needs of athletic trainers, physical therapists, and sports institutions.

Market

Mio-Guard targets physical therapists and athletic trainers, capitalizing on the growing demand for sports medicine products, especially in the aging U.S. population. The cyclical nature of the U.S. healthcare industry and the critical nature of its services ensure sustained demand for Mio-Guard's products.

Marketing Strategies

Mio-Guard employs a combination of contracted and employed sales representatives to target its customer base. Its sales strategy includes in-person meetings, participation in industry events, and targeted social media campaigns. Additionally, Mio-Guard offers installation and design services, setting it apart from competitors.

In March of 2024, the Management made the decision to wind-down the operations of Mio-Guard.

Arrowhead Medical LLC

Overview

Acquired in May 2023, Arrowhead specializes in providing the highest quality healthcare products to the hospitals, private practice, rehabilitation, long-term care and sports medicine markets, operating as a sales and distribution business primarily in the Midwestern United States.

Products and Services

Arrowhead provides design layout services to maximize the performance and revenue potential of its customers, creating functionality, efficient user flow, and the most appropriate mix of equipment. Arrowhead procures equipment from top brands in the rehabilitation industry and provides white glove delivery and installation. Arrowhead also provides training and support post-installation.

Market

Arrowhead serves hospitals, clinics, long-term care facilities and sports medicine facilities in the rehabilitation market and takes a full-service approach to designing, procuring, installing and training.

Marketing Strategy

Arrowhead markets its services and products through referrals and various internet advertising activities.

Business Update

On January 15, 2024, the Company entered into and completed a divestiture of Arrowhead pursuant to a membership interest purchase agreement with the former owner of Arrowhead providing for the acquisition of all of the ownership interests of Arrowhead by the purchaser.

EMPLOYEES

As of December 31, 2023, the Company and its subsidiaries had no full-time and no part-time employees in Canada and had 195 full-time employees and 10 part-time employees in the U.S. through its subsidiaries.

AVAILABLE INFORMATION

Our investor relations website address is www.evomemedical.com. We are required to file Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q with the SEC on a regular basis and are required to disclose certain material events in a Current Report on Form 8-K. The SEC also maintains a website that contains reports, proxy statements, information statements and other information regarding issuers that file electronically with the SEC. The SEC's website is located at http://www.sec.gov.

1A. RISK FACTORS

Investing in our common shares involves a high degree of risk. You should carefully consider the following risks and all other information contained in this Annual Report, including our financial statements and the related notes, before investing in our securities. The risks and uncertainties described below are not the only ones we face, but include the most significant factors currently known by us that make investing in our securities speculative or risky. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks materialize, our business, financial condition and results of operations could be materially harmed. In that case, the trading price of our securities could decline, and you may lose some or all of your investment.

RISKS RELATED TO LIQUIDITY AND CAPITAL RESOURCES

Our financial statements have been prepared on a going concern basis; we must raise additional capital to fund our operations and meet existing obligations resulting from acquisitions in order to continue as a going concern.

SRCO Professional Corporation, our independent registered public accounting firm for the fiscal year ended December 31, 2023, has included an explanatory paragraph in their opinion that accompanies our audited consolidated financial statements as of and for the twelve months ended December 31, 2023, indicating that our current liquidity position raises substantial doubt about our ability to continue as a going concern. If we are unable to improve our liquidity position, we may not be able to continue as a going concern. The accompanying audited consolidated financial statements do not include any adjustments that might result if we are unable to continue as a going concern and, therefore, be required to realize our assets and discharge our liabilities other than in the normal course of business which could cause investors to suffer the loss of all or a substantial portion of their investment.

As of December 31, 2023, we had approximately $0.9 million of cash. In order to have sufficient cash to fund these obligations, we will need to raise additional equity or debt capital or restructure the payment terms for those obligations in order to continue as a going concern and we cannot provide any assurance that we will be successful in doing so. If are unable to raise sufficient capital to fund our operations, we may need to delay, reduce or eliminate certain of our operations, sell some or all of our assets or merge with another entity.

We are subject to debt instruments and restrictive covenants that may impede our ability to conduct our business.

We are subject to various restrictive covenants and events of default, including payment of interest and principal when due, under the following loans, credit facilities and forbearance agreements:

- a commercial loan agreement entered into by our subsidiary SDP with a third party financial institution on June 9, 2021 in connection with a US $5,400,000 revolving loan facility with payments due monthly, under which approximately $2.8 million is owed as of December 31, 2023;
- a secured promissory note issued by SDP in the principal amount of $1,014,000 maturing on June 1, 2024;
- On January 13, 2023, three operating subsidiaries of the Company, DaMar, Mio-Guard, and Simbex entered into a Loan and Security Agreement and related Schedule with Pathward National Association to increase the Company's aggregate credit line availability by up to US $5,500,000;
- on September 12, 2023 we entered into a Master Credit and Security Agreement with Pathward, National Association (the "Pathward Credit Agreement") pursuant to which we obtained a secured revolving loan of up to $3.0 million in order to, among other things, satisfy certain obligations relating to our acquisitions, under which approximately US $1.4 million is owed as of December 31, 2023;
- Forbearance Agreement dated August 4, 2023 entered into by our subsidiary after our failure to make timely payments required by the acquisition agreement entered in March 2023 for the acquisition of the capital stock of Biodex Medical Systems, Inc. ("Biodex"). Pursuant to the Forbearance Agreement, the seller agreed to forbear from exercising its rights and remedies under the Biodex acquisition agreement, including certain the right to accelerate the maturity and demand immediate payment of the indebtedness, through the earlier to occur of a default thereunder; or July 31, 2025. Under the Forbearance Agreement, we are subject to certain debt service payments and covenants, including:
    - All past due amounts shall accrue interest at 12% per annum;
    - The payment each month commencing August 2023 of all of our cash in excess of US $2.5 million at the end of each month until late payments, including accrued interest are current with the original debt payment schedule;
    - The payment of 50% of any capital raised until the late payments are current with the original debt schedule;
    - Obtaining prior consent from the Biodex Seller before we can make capital expenditures in excess of US $100,000 for any reason other than repair of equipment needed for our operations;
    - We cannot declare a dividend or initiate a share repurchase until such time as the obligations under the original debt schedule are current;
    - We cannot engage in any merger or acquisition activities until such time as the obligations under the original debt schedule are current or are brought current as a result of the merger or acquisition; and
    - We are required to utilize 80% of any available credit lines or such percentage as allowed by our lender(s) to access cash until the obligations under the original debt schedule are current.

The loan and credit agreements described above contains various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability to incur debt or liens, merge or consolidate with others, dispose of assets, or make investments or pay dividends. Our credit facilities also contain financial covenants requiring us to satisfy and maintain compliance with a total leverage ratio and an interest coverage ratio. If there is an event of default under the above mentioned loans, credit facilities or forbearance agreements, the principal amount owing thereunder, plus accrued and unpaid interest, may be declared immediately due and payable. If such an event occurs, it could have a material negative financial impact on the Company. Any extended default under such loans, credit facilities or forbearance agreements could result in the loss of our entire business. In addition, the credit facilities and forbearance agreements include various conditions and covenants that require us to obtain consents prior to carrying out certain activities and entering into certain transactions. The inability to meet these conditions and covenants or obtain the required consent to carry out restricted activities could materially and adversely affect our business and results of operations.

We require additional capital in order to satisfy our obligations incurred in connection with certain of our acquisitions. If we do not obtain such additional capital, it could have a material adverse effect on our financial condition and ability to continue as a going concern.

We will need to raise debt or equity capital in the near future in order to repay outstanding obligations we incurred in connection with the Simbex and Biodex Medical Systems, Inc. acquisitions when they mature. In the case of Biodex Medical Systems, these amounts consist of (i) US $2 million due on July 1, 2023, US $3 million due on October 1, 2023 and US $2 million due on January 1, 2024 and in the case of Simbex, consist of approximately US $3.3 million in earnout payments due in April 2023. If we are unable to raise sufficient capital to repay these obligations. Furthermore, our acquisition obligations could adversely affect our financial condition and restrict us in ways that limit our flexibility in operating our business, including: requiring us to dedicate significant cash flow from operations to the payment of amounts payable on our acquisition obligations, which would reduce the funds we have available for other purposes; making it more difficult or expensive for us to obtain any necessary future financing; increasing our leverage and reducing our flexibility in planning for or reacting to changes in our industry and market conditions; making us more vulnerable in the event of a downturn in our business; and exposing us to interest rate risk given our debt obligations at variable interest rates. In addition, our ability to make scheduled payments on or to refinance our obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory, and other factors, some of which are beyond our control.

If we are unable to raise sufficient capital to repay our and acquisition obligations or debt at maturity and we are otherwise unable to extend the maturity dates, we would be in default. We cannot provide any assurances that we will be able to raise the necessary amount of capital to repay these obligations or that we will be able to extend the maturity dates. Upon a default, the lender, and the counterparty to certain of the acquisition agreements would have the right to exercise its rights and remedies to collect against us. Accordingly, a default would have a material adverse effect on our business and we may be forced to consider to seek bankruptcy protection.

We have a history of operating losses and negative cash flow and we anticipate that we will need to raise additional funds to finance operations.

We have a history of operating losses and negative cash flow. We have incurred recurring net losses, including net losses from operations before income taxes of $15.5 million and $19.0 million for the year ended December 31, 2023 and the ten months ended December 31, 2022, respectively. We used $0.9 million and $0.8 million of cash for operating activities during the year ended December 31, 2023 and the ten months ended December 31, 2022, respectively.

To fund our existing operations and business plan, we will need to raise additional capital. Our cash needs will depend on numerous factors, including our revenues, our ability to integrate companies we acquire and our ability to reduce and control costs. We expect to devote substantial capital resources to, among other things, fund operations and continue to integrate systems. If we are unable to secure such additional financing, it will have a material adverse effect on our business, and we may have to limit operations in a manner inconsistent with our development plans. If additional funds are raised through the issuance of equity securities or convertible debt securities, it will be dilutive to our stockholders and could result in a decrease in our stock price.

We have funded our operations primarily with proceeds from public and private offerings of our common shares and secured and unsecured debt instruments. Our history of operating losses and cash uses, our projections of the level of cash that will be required for our operations to reach profitability, the terms of the private placement transactions that we completed in the past, and increasingly restricted availability of credit, may impair our ability to raise capital on terms that we consider reasonable and at the levels that we will require over the coming months. We cannot provide any assurances that we will be able to secure additional funding from public or private offerings on terms acceptable to us, if at all. If we are unable to obtain the requisite amount of financing needed to fund our planned operations, it would have a material adverse effect on our business and ability to continue as a going concern.

We may not be able to refinance, extend or repay our substantial indebtedness owed to our senior secured lender, which would have a material adverse effect on our financial condition and ability to continue as a going concern.

We anticipate that we will need to raise a significant amount of debt or equity capital in the near future in order to repay our outstanding debt obligations owed to our lenders when they mature. As of December 31, 2023, we owed our senior secured lender $9.7 million. As of December 31, 2023, no installment payment had yet been made on the balance. If we are unable to raise sufficient capital to repay these obligations at maturity and we are otherwise unable to extend the maturity dates or refinance these obligations, we would be in default. We cannot provide any assurances that we will be able to raise the necessary amount of capital to repay these obligations or that we will be able to extend the maturity dates or otherwise refinance these obligations. Upon a default, our senior secured lender would have the right to exercise its rights and remedies to collect, which would include foreclosing on our assets. Accordingly, a default would have a material adverse effect on our business and, if our senior secured lender exercises its rights and remedies, we would likely be forced to seek bankruptcy protection.

We have been operating under a forbearance agreement since August 2023 related to our failure to comply with certain required payments and covenants relating to the Biodex acquisition. We cannot provide any assurance that our lender or the Biodex Seller would provide us with a waiver should we not be in compliance in the future. A failure to maintain compliance along with our lender or the Biodex seller not agreeing to a waiver for the non- compliance would cause the outstanding borrowings to be in default and payable on demand which would have a material adverse effect on us and our ability to continue as a going concern.

Our financial condition may impair our ability to obtain credit terms with our suppliers.

Our supplier contracts typically provide us with payment terms of at least thirty (30) days. However, our financial condition may make it difficult for us to continue to receive payment terms of at least thirty (30) days or may result in one or more of our suppliers making demand for adequate assurance, which could include a demand for payment-in-advance. If we are unable to obtain reasonable payment terms or if any of our material suppliers were to successfully demand payment in advance, it could have a material adverse effect on our liquidity.

RISKS RELATED TO OUR BUSINESS

Our future growth is dependent upon our ability to develop or acquire and maintain new products and technologies that achieve market acceptance with acceptable margins.

Our future success depends on our ability to timely develop (or obtain the right to sell) competitive and innovative products and services and to market them quickly and cost-effectively. Our ability to anticipate customer needs and emerging trends and develop or acquire new products, services and technologies at competitive prices requires significant resources, including employees with the requisite skills, experience and expertise. The failure to successfully address these challenges could materially disrupt our sales and operations.

Our failure to comply with all regulatory, permit and license requirements could result in criminal or civil sanctions or an adverse effect on our business.

We are operating in an industry that is subject to extensive federal and state regulation. Failure to comply with applicable regulations could result in severe criminal or civil sanctions or require us to make significant changes to our operations that could adversely affect our business, financial condition and operating results. Our operations are also subject to state laws governing, among other things, distribution of medical equipment and certain types of health activities, and we may be required to obtain and maintain licenses in each state to act as an equipment supplier. If we fail to obtain or maintain any required licenses and/or accreditations, it could have an impact on our business.

Increased regulatory burdens may result in significant loss of revenue, substantial out-of-pocket costs and loss of management focus on our business.

Increasing regulatory burdens, including premarketing approval delays, may result in significant loss of revenue, unpredictable costs and loss of management focus on developing and marketing products. Medical device companies are increasingly burdened with bureaucratic and regulator demands that may not be reasonably related to assuring the safety or effectiveness of the devices that they provide. Premarketing submission administrative burdens, and substantial "user fees" or notified body review fees, represent a significant non-clinical and/or non-scientific barrier to new product introduction, resulting in lack of investment or delays to revenues from new or improved devices. The risks associated with such circumstances relate not only to substantial out-of-pocket costs, including potential litigation, but also loss of business and a diversion of attention of key employees for an extended period of time from managing their normal responsibilities, particularly in new product development and routine quality assurance activities.

Healthcare reform legislation may negatively impact us.

Healthcare reform laws significantly affect the U.S. healthcare services industry. In recent years, many legislative proposals have been introduced or proposed in Congress and in some state legislatures that would affect major changes in the healthcare system, either nationally or at the state level. The ultimate content, timing or effect of any healthcare reform legislation and the impact of potential legislation on us is uncertain and difficult, if not impossible, to predict. That impact may be material to our business, financial condition or results of operations. Legislative or executive order healthcare reform in the U.S. has the potential to render the U.S. medical device marketplace unpredictable. A fully government-run healthcare system might expand demand for healthcare services to previously uninsured populations but may also reduce or eliminate healthcare consumer choice as well as commercial incentives for innovation. Although we do not collect revenue by billing insurance providers, changes in reimbursement by public or private insurance could reduce the profitability of providing physical therapy services, and indirectly decrease demand for our products or our acquisition targets.

The health care products distribution industry is highly competitive (including, without limitation, competition from third-party online commerce sites) and consolidating, and we may not be able to compete successfully.

The healthcare and medical device industry is highly competitive and dynamic and will become more competitive as new players enter the market. Certain competitors will be subsidiaries or divisions of larger, much better capitalized companies. Certain competitors will have vertically integrated production and services sectors of the market. We may have less capital and may encounter greater operational challenges in serving the market. Better capitalized competitors may be able to borrow money or raise debt to purchase equipment on more favorable terms or more easily than us. Potential competitors could have significantly greater financial, research and development, production, and sales and marketing resources than we have and could utilize their greater resources to acquire or develop new technologies or products that could effectively compete with ours. Additionally, demand for our products could be diminished by technological change or equivalent or superior products developed by competitors. Competing in these markets could result in price-cutting, reduced profit margins and loss of market share, any of which would harm our business, financial condition and results of operations. Additionally, traditional health care supply and distribution relationships are being challenged by electronic online commerce solutions. The continued advancement of online commerce by third parties will require us to cost-effectively adapt to changing technologies, to enhance existing services and to differentiate our business (including with additional value-added services) to address changing demands of consumers and our customers on a timely basis. The emergence of such potential competition and our inability to anticipate and effectively respond to changes on a timely basis could have a material adverse effect on our business. Our ability to compete effectively depends upon our ability to distinguish ourselves from our competitors and their products, on such factors as safety and effectiveness, product pricing, compelling clinical data and quality of customer support.

We may be unable to identify and complete acquisitions.

We may not be able to successfully identify and complete corporate transactions on favorable terms or achieve anticipated synergies relating to any acquisitions in the medical technology sector, and such acquisitions could result in unforeseen operating difficulties and expenditures or require significant management resources and significant charges. As a part of our anticipated growth strategy, we are continuously exploring potential acquisitions of complementary businesses, technologies, services or products. We may be unable to find suitable acquisition candidates. Even if we identify appropriate acquisition candidates, we may be unable to complete the acquisitions on favorable terms, if at all, as a result of changes in tax laws, regulations, financial market, or other economic or market conditions. We may incur material costs in pursuing successful or unsuccessful acquisitions. Acquisition activities can be thwarted by overtures from competitors for the targeted candidates, government regulation and replacement product developments within the industry in which we are expected to operate. Competition may intensify due to the ongoing consolidation in the healthcare industry, which may increase our acquisition costs. Competition from other buyers of medical device companies may drive asset prices to levels that we do not believe are justified in the long term, which could delay our acquisition strategy. In addition, the process of integrating an acquired business, technology, service or product into existing operations could result in unforeseen difficulties and expenditures. Acquired businesses may require capital infusions for the possibility of future growth. Integrating completed acquisitions into existing operations involves numerous short-term and long-term risks, including diversion of management's attention, failure to retain key personnel, long-term value of acquired intangible assets and acquisition expenses. In addition, we may be required to comply with laws, rules and regulations that may differ from those of the states in which our operations are currently conducted. Moreover, we may not realize the anticipated financial or other benefits of an acquisition.

Future acquisitions could also involve the issuance of equity securities, the incurrence of debt, assumption of actual or contingent liabilities or amortization of expenses related to other intangible assets, any of which could adversely impact our financial condition or results of operations. The issuance of shares for an acquisition may result in dilution to our shareholders and, depending on the number of shares that may be issued, the resale of such shares could affect the trading price of our common shares. In addition, equity or debt financing required for such acquisitions may not be available. We may not be able to identify all actual or contingent liabilities associated with a particular acquisition, and representations and warranties in a purchase agreement, if any, may not be sufficient to allow for recovery of losses.

Any corporate transaction will be accompanied by certain risks including but not limited to: exposure to unknown liabilities of acquired companies and the unknown issues with any associated technologies or research; certain acquired businesses may have business models with lower operating margins, which could affect our overall operating results in future periods; higher than anticipated acquisition costs and expenses; the difficulty and expense of integrating operations, systems, and personnel of acquired companies; disruption of ongoing business; uncertainty that an acquired business will continue to maintain its pre-acquisition revenue and growth rates, or be profitable; inability to retain key customers, vendors, and other business partners of the acquired company; diversion of management's time and attention; the realization of financial and operating risks not fully anticipated; and potential challenges under antitrust laws, either before or after an acquisition is consummated, which could involve substantial legal costs and result in our having to abandon the transaction or make a divestiture. We may not be able to successfully overcome these risks and other problems associated with acquisitions and this may adversely affect our business, financial condition or results of operations.

We are dependent upon third parties for the manufacture and supply of a significant volume of our products.

We obtain a significant percentage of the products we distribute from third parties, with whom we generally do not have long-term contracts. While there is typically more than one source of supply, some key suppliers, in the aggregate, supply a significant portion of the products we sell. In the event of any interruption in supply, we would need to identify and obtain acceptable replacement sources on a timely basis. There is no guarantee that we would be able to obtain such alternative sources of supply on a timely basis, if at all, and an extended interruption in supply, particularly of a high-sales volume product, could result in a significant disruption in our sales and operations, as well as damage to our relationships with customers and our reputation. Our supply chain could be materially disrupted if our suppliers fail to comply with or are unable to satisfy our demand for products.

Adverse changes in supplier rebates or other purchasing incentives could negatively affect our business.

The terms on which we purchase or sell products from many suppliers may entitle us to receive a rebate or other purchasing incentive based on the attainment of certain growth goals. Suppliers may reduce or eliminate rebates or incentives offered under their programs or increase the growth goals or other conditions we must meet to earn rebates or incentives to levels that we cannot achieve. Increased competition either from generic or equivalent branded products could result in us failing to earn rebates or incentives that are conditioned upon achievement of growth goals. Additionally, factors outside of our control, such as customer preferences, consolidation of suppliers or supply issues, can have a material impact on our ability to achieve the growth goals established by our suppliers, which may reduce the number of rebates or incentives we receive. The occurrence of any of these events could have an adverse impact on our business, financial condition or operating results.

Risks inherent in acquisitions, dispositions and joint ventures could offset the anticipated benefits.

One of our business strategies has been to expand our domestic and international markets in part through acquisitions and joint ventures and we expect to continue to make acquisitions and enter into joint ventures in the future. Such transactions require significant management attention, and may place significant demands on our operations, information systems, legal, regulatory, compliance-functions and financial resources. There is a risk that one or more of our acquisitions may not succeed. We cannot be sure, for example, that we will achieve the benefits of revenue growth that we expect from these acquisitions or joint ventures or that we will avoid unforeseen additional costs, taxes or expenses. Furthermore, some of our acquisitions and future acquisitions have given rise to an obligation to make contingent or earnout payments or to satisfy certain repurchase obligations, which payments have had, and could have material adverse impacts on our financial results individually or in the aggregate. For several of our acquisitions, we are in default regarding the earnout obligations owed to the sellers and have negotiated forbearance agreements regarding such outstanding obligations. The strain on our operations resulting from these forbearance arrangements could have a further material adverse effect on our financial results.

Our ability to successfully implement our acquisition and joint venture strategy depends upon, among other things, the following:

- the availability of suitable acquisition or joint venture candidates at acceptable prices;
- our ability to consummate such transactions, which could potentially be prohibited due to U.S. or foreign antitrust regulations;
- the liquidity of our investments and the availability of financing on acceptable terms;
- our ability to retain customers or product lines of the acquired businesses or joint ventures;
- our ability to retain, recruit and incentivize the management of the companies we acquire; and
- our ability to successfully integrate these companies' operations, services, products and personnel with our culture, management policies, legal, regulatory and compliance policies, cybersecurity systems and policies, internal procedures, working capital management, financial and operational controls and strategies.

Additionally, when we decide to sell assets or a business, we may encounter difficulty in finding buyers or executing alternative exit strategies on acceptable terms in a timely manner, which could delay the accomplishment of our strategic objectives. Alternatively, we may dispose of assets or a business at a price or on terms that are less than we had anticipated. Dispositions may also involve continued financial involvement in a divested business, such as through transition service agreements, indemnities or other current or contingent financial obligations. Under these arrangements, performance by the acquired or divested business, or other conditions outside our control, could affect our future financial results.

The health care industry is experiencing changes due to political, economic and regulatory influences that could materially adversely affect our business.

The health care industry is highly regulated and subject to changing political, economic and regulatory influences. In recent years, the health care industry has undergone, and is in the process of undergoing, significant changes driven by various efforts to reduce costs, including, among other factors: trends toward managed care; collective purchasing arrangements and consolidation among office-based health care practitioners; and changes in reimbursements to customers, including increased attention to value-based payment arrangements, as well as growing enforcement activities (and related monetary recoveries) by governmental officials. Both our profitability and the profitability of our customers may be materially adversely affected by laws and regulations reducing reimbursement rates for pharmaceuticals, medical supplies and devices, and/or medical treatments or services, or changes to the methodology by which reimbursement levels are determined. If we are unable to react effectively to these and other changes in the health care industry, our business could be materially adversely affected.

Expansion of group purchasing organizations ("GPO"), or provider networks and the multi-tiered costing structure may place us at a competitive disadvantage.

The health care products industry is subject to a multi-tiered costing structure, which can vary by manufacturer and/or product. Under this structure, certain institutions can obtain more favorable prices for health care products than we are able to obtain. The multi-tiered costing structure continues to expand as many large integrated health care providers and others with significant purchasing power, such as GPOs, demand more favorable pricing terms. Additionally, the formation of provider networks, GPOs may shift purchasing decisions to entities or persons with whom we do not have a historical relationship and may threaten our ability to compete effectively, which could in turn negatively impact our financial results. Although we are seeking to obtain similar terms from manufacturers to access lower prices demanded by GPO contracts or other contracts, and to develop relationships with existing and emerging provider networks, GPOs, we cannot guarantee that such terms will be obtained, or contracts executed.

Increases in shipping costs or service issues with our third-party shippers could harm our business.

Our ability to meet our customers' expedited delivery expectations is an integral component of our business strategy for which our customers rely. Shipping is a significant expense in the operation of our business. We ship almost all of our orders through third-party delivery services, and typically bear the cost of shipment. Accordingly, any significant increase in shipping rates could have a material adverse effect on our business, financial condition or operating results. While we have recently experienced increases in the cost of shipping, we do not expect these additional expenses to be material to our results. However, it is possible that such costs could be material in the future. Similarly, strikes or other service interruptions by those shippers, including at transportation centers or shipping ports, could cause our operating expenses to rise and materially adversely affect our ability to deliver products on a timely basis.

We may be unable to achieve our growth strategy.

We may have difficulty identifying or acquiring suitable acquisition targets and in achieving organic growth, which is a significant aspect of our proposed business model. In the event that we are successful in consummating acquisitions in the future, such acquisitions may negatively impact our business, financial condition, results of operations, cash flows and prospects due to a variety of factors, including the acquired company's business not achieving the anticipated revenue, earnings or cash flows, assumption of liabilities or risks beyond our estimates or the diversion of the attention of management from our then existing business. If we are unable to continue to grow or manage our growth for any of these reasons, we may be unable to achieve our proposed expansion strategy, which could adversely impact our earnings, revenue and profits.

We may fail in our efforts to manage growth.

The success of our business strategy depends, in part, on our ability to expand our operations in the future. Our anticipated growth strategy is expected to place demands on management, operational and financial information systems, and other resources. Expansion of our operations may require substantial financial resources and management attention. To accommodate anticipated future growth, and to compete effectively, we may need to improve our management, implement operational and financial information systems, and expand, train, manage, and motivate our workforce. Our personnel, systems, procedures, or controls may not be adequate to support our operations in the future. Further, focusing financial resources and diverting management's attention to the expansion of our operations may negatively impact our financial results. Any failure to improve our management, to implement operational and financial information systems, or expand, train, manage, or motivate our workforce, as required, may reduce or prevent our growth plans.

We are dependent on key distributors.

Our reliance on third party distributors in some markets may result in less predictable revenues. Distributors may have varying expertise in marketing and selling specialty medical devices and may also sell other devices that could result in less focus on our products.

We are dependent on key customers, markets and products.

We produce and offer for sale a limited number of products and have a concentration of orders from key customers, primarily in the U.S. market, from which we derive a substantial portion of our revenue. Customers may cancel or choose not to renew their contracts. Changes in economic conditions could influence future actions of our partners or other customers. To the extent that any significant agreement or agreements with our customers are canceled, including, without limitation, our supply agreements, or are not renewed or replaced with other arrangements having at least as favorable terms, our business, financial condition and results of operations could be materially adversely affected. We seek to expand our product offerings, increase the number of customers and expand our markets, but there is no assurance that this plan will succeed.

Our customers often depend on third-party coverage and reimbursements. The failure of healthcare programs to provide coverage and reimbursement, or reductions in levels of reimbursement, could have a material adverse effect on our business.

The ability of our customers to obtain reimbursements for products they purchase from us or from intermediaries, or from therapies they provide using the products they purchase from the Company, or our intermediaries is important to our business. Demand for many of our existing and new medical products is, and will continue to be, affected by the extent to which government healthcare programs and private health insurers reimburse our customers for patients' medical expenses in the countries where we do business. Any reduction in the number of reimbursements received by our customers could harm our business by reducing their selection of our products and the prices they are willing to pay.

In addition, as a result of their purchasing power, third-party payors are implementing cost-cutting measures such as seeking discounts, price reductions or other incentives from medical products suppliers and imposing limitations on coverage and reimbursements for medical technologies and procedures. These trends could compel us to reduce prices for our existing products and potential new products and could cause a decrease in the size of the market or a potential increase in competition that could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We may be unable to successfully market our products and services.

We may not be successful in marketing our products and services. In order to sustain and increase revenues, our products and services must achieve a significant degree of market acceptance. If we are unable to promote, market and sell our products and services or secure relationships with customers, our business, financial condition and results of operations would be materially adversely affected. Levels of market acceptance for products and services could be impacted by several factors, many of which are not within our control, including but not limited to: safety, efficacy, convenience and cost-effectiveness of our products and services; scope of approved uses and marketing approval; difficulty in, or excessive costs to, manufacturing; infringement or alleged infringement of the patents or intellectual property rights of others; maintenance of business arrangements with healthcare providers; availability of alternative products or services from competitors; and acceptance of the price of products and services. If our competitors are able to develop and market products that are preferred over those offered by us, are able to grow service businesses that are preferred over our services or other businesses preferred over other products and services that may be developed, we may not be able to generate sufficient revenues to continue our operations. We may not be able to contend successfully with competitors. The medical device industry is highly competitive and subject to significant and rapid technological changes as new technologies, services and treatments are developed. We plan to market our products in other countries besides the U.S. We may not succeed in our marketing efforts. We may incur substantial initial costs associated with entering a new market. It may take time to meet all the legal, regulatory and economic burdens of entering a new market, and those costs may not be recouped for some time or at all, which may have an impact upon our financial performance.

We may fail to keep pace with necessary technological changes.

The market for some of our products may be characterized by rapid change and technological improvements. Failure to respond in a timely and cost-effective way to these technological developments could result in serious harm to our business and operating results. We derive, and it is expected that we will continue to derive, a substantial portion of revenues from the development and sale of products in the medical device industry. As a result, our success will depend, in part, on our ability to develop and market product offerings that respond in a timely manner to the technological advances of our competitors, evolving industry standards and changing patient preferences. There is no assurance that we will keep up with technological improvements.

Our business, results of operations, cash flows, financial condition and liquidity may be negatively impacted by the effects of disease outbreaks, epidemics, pandemics, or similar wide-spread public health concerns and other natural disasters.

Our business, results of operations, cash flows, financial condition and liquidity may be negatively impacted by the effects of disease outbreaks, epidemics, pandemics, similar wide-spread public health concerns and other natural disasters. For example, from early 2020 until 2023, the U.S. and other world economies have experienced turmoil due to the novel coronavirus pandemic and related "shelter-in-place" orders and other governmental mandates ("COVID-19"). The COVID-19 pandemic has had, and continues to have, an unprecedented impact on society, worldwide economic activity, and the health care sector. The COVID-19 pandemic has already disrupted, and could potentially further disrupt, our supply chain or interfere with normal business operations due to the loss of employee availability. The COVID-19 pandemic and the governmental responses to it had, and may again have, a material adverse effect on our business, results of operations and cash flows and may result in a material adverse effect on our financial condition and liquidity. We may again experience material adverse impacts to our business, results of operations and cash flows as a result of, among other things, the global economic impact of the COVID-19, including any recession that may occur in the future, or a prolonged period of economic slowdown. The impact of the COVID- 19 pandemic may also exacerbate other risks discussed below, any of which could have a material adverse effect on us.

MACRO ECONOMIC AND POLITICAL RISKS

Uncertain global and domestic macro-economic and political conditions could materially adversely affect our results of operations and financial condition.

Uncertain global and domestic macro-economic and political conditions that affect the economy and the economic outlook of the U.S., Europe, Asia and other parts of the world could materially adversely affect our results of operations and financial condition. These uncertainties, include, among other things:

- election results;
- greater restrictions on imports and exports;

- supply chain disruptions;
- changes in laws and policies governing health care or data privacy;
- tariffs and sanctions;
- changes to the relationship between the U.S. and China; • sovereign debt levels;
- the inability of political institutions to effectively resolve actual or perceived economic, currency or budgetary crises or issues;
- consumer confidence;
- unemployment levels (and a corresponding increase in the uninsured and underinsured population);
- changes in regulatory and tax regulations;
- interest rate fluctuations, and strengthening of the dollar, which have and will continue to impact our results of operations;
- availability of capital;
- increases in fuel and energy costs;
- the effect of inflation on our ability to procure products and our ability to increase prices over time and pass through to our customers price increases we may receive;
- changes in tax rates and the availability of certain tax deductions;
- increases in labor costs;
- increases in health care costs;
- our aspirations, goals and disclosures related to environmental, social and governance (ESG) matters;
- the threat or outbreak of war, terrorism or public unrest (including, without limitation, the war in Ukraine and the possibility of a wider European or global conflict); and
- changes in laws and policies governing manufacturing, development and investment in territories and countries where we do business.

Additionally, changes in government, government debt and/or budget crises may lead to reductions in government spending in certain countries, which could reduce overall health care spending, and/or higher income or corporate taxes, which could depress spending overall. Recessionary or inflationary conditions and depressed levels of consumer and commercial spending may also cause customers to reduce, modify, delay or cancel plans to purchase our products and may cause suppliers to reduce their output or change their terms of sale. We have experienced inflationary pressures, including higher freight costs and interest expense. Although inflation impacts both our revenues and costs, the depth and breadth of our product portfolio often allows us to offer lower-cost national brand solutions or corporate brand alternatives to our more price-sensitive customers who are unable to absorb price increases, thus positioning us to protect our gross profit. The strengthening of the dollar, likewise, has impacted our revenues and costs, but neither inflation nor exchange rates have materially impacted our results of operations in fiscal year 2023. We generally sell products to customers with payment terms. If customers' cash flow or operating and financial performance deteriorate, or if they are unable to make scheduled payments or obtain credit, they may not be able to, or may delay, payment to us. Likewise, for similar reasons suppliers may restrict credit or impose different payment terms.

The U.S. has imposed and may impose additional quotas, duties, tariffs, retaliatory or trade protection measures or other restrictions or regulations and may adversely adjust prevailing quota, duty or tariff levels, which can affect both the materials that we use in our products and the sale of finished products. For example, the tariffs imposed by the U.S. on materials from China are impacting materials that we import for use in packaging in the U.S. Measures to reduce the impact of tariff increases or trade restrictions, including geographical diversification of our sources of supply, adjustments in packaging design and fabrication or increased prices, could increase our costs, delay our time to market and/or decrease sales. Other governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for our products and our costs, customers, suppliers and global economic conditions and cause higher volatility in financial markets. While we actively review existing and proposed measures to seek to assess the impact of them on our business, changes in tariff rates, import duties and other new or augmented trade restrictions could have a number of negative impacts on our business, including higher consumer prices and reduced demand for our products and higher input costs.

REGULATORY AND LITIGATION RISKS

Failure to comply with existing and future regulatory requirements could materially adversely affect our business.

We strive to be compliant with the applicable laws, regulations and guidance described below in all material respects, and believe we have effective compliance programs and other controls in place to ensure substantial compliance. However, compliance is not guaranteed either now or in the future as certain laws, regulations and guidance may be subject to varying and evolving interpretations that could affect our ability to comply, as well as, future changes, additions and enforcement approaches, including in light of political changes. When we discover situations of non-compliance, we seek to remedy them and bring the affected area back into compliance. Changes with respect to the applicable laws, regulations and guidance described below may require us to update or revise our operations, services, marketing practices, and compliance programs and controls, and may impose additional and unforeseen costs on us, pose new or previously immaterial risks to us, or may otherwise have a material adverse effect on our business. There can be no assurance that current and future government regulations will not adversely affect our business, and we cannot predict new regulatory priorities, the form, content or timing of regulatory actions, and their impact on the health care industry and on our business and operations.

Our business may be subject to product liability claims or product recalls, which could be expensive and could result in a diversion of management's attention.

The medical device industry experiences significant product liability claims. As a supplier of medical devices and equipment to hospitals, group purchasing organizations and other customers, we face an inherent business risk of exposure to product liability claims in the event that our products, or the equipment into which our products are incorporated, malfunction and result in personal injury or death. We may be named in product liability claims even if there is no evidence that our systems or components caused the accidents. Product liability claims could result in significant losses as a result of expenses incurred in defending claims or the award of damages. The sale of medical devices entails a high risk of these claims. In addition, we may be required to participate in recalls involving these devices if any of our devices prove to be defective, or we may voluntarily initiate a recall or make payments related to such claims as a result of various industry or business practices or the need to maintain good customer relationships. Our other products may also be subject to product liability claims or recalls. We cannot assure you that our product liability insurance will be sufficient to cover all product liability claims, that such claims will not exceed our insurance coverage limits or that such insurance will continue to be available on commercially reasonable terms, if at all. Any product liability claim brought against us could have a material adverse effect on our reputation and business.

Our business may become subject to future product certification regulations, which may impair our ability to market our products.

We must obtain product certification from governmental agencies, such as the U.S. Environmental Protection Agency and the California Air Resources Board, to sell certain of our products in the United States and internationally. A significant portion of our future sales will depend upon sales of fuel management products that are certified to meet existing and future air quality and energy standards. We cannot assure you that our products will continue to meet these standards. The failure to comply with these certification requirements could result in the recall of our products or in civil or criminal penalties.

We anticipate that regulatory bodies will establish certification procedures and impose regulations on fuel cell enabling technologies, which may impair our ability to distribute, install and service these systems. Any new government regulation that affects our advanced fuel technologies, whether at the foreign, federal, state or local level, including any regulations relating to installation and servicing of these systems, may increase our costs and the price of our systems. As a result, these regulations may have a negative impact on our business, results of operations and financial condition.

We may be subject to certain conflicts of interest.

Certain of our directors and officers will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. Our independent members of the Board will review any such transactions and report to the Audit Committee of the Board. The *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder (the "BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

We are required to comply with the Exchange Act's domestic reporting regime, which causes us to incur significant legal, accounting and other expenses.

We are required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC rules. As a result, we expect that compliance would increase our legal and financial compliance costs and is likely to make some activities highly time consuming and costly. Because we are required to comply with the rules and regulations applicable to U.S. domestic issuers, it may be more difficult and expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified members of our Board of Directors.

We may be subject to litigation.

We and/or our directors may be subject to a variety of civil or other legal proceedings, with or without merit, which may redirect substantial amounts of our resources. Our devices may be used in inherently risky situations to help physicians achieve a more positive outcome than what might otherwise be the case. In any lawsuit where an individual plaintiff suffered permanent physical injury, the possibility of a large award for damages exists whether or not a causal relationship exists. Moreover, even if we are successful in litigation, litigation can redirect significant resources including, but not limited to, our management's time and attention and our capital.

We face risks relating to our insurance coverage.

The marketing and sale of medical device products creates an inherent risk of claims for product liability. We carry product liability insurance that we consider adequate to protect us from claims. There can be no assurance that we will have resources sufficient to satisfy liability claims in excess of policy limits if required to do so. Also, if we are subject to such liability claims, there is no assurance that our insurance provider will continue to insure us or that our insurance rates will not substantially rise, resulting in increased costs to us or forcing us to either pay higher premiums or reduce our coverage amounts, which would result in increased liability to claims.

We may be unable to maintain the intellectual property rights on which our future success is dependent.

It is anticipated that our trademarks, trade secrets and other intellectual property will be a component of our success. Effective trademark, trade secret and intellectual property protection may not be available to us in every jurisdiction in which our products may be available. In addition, if any third-party confidentiality agreements in our favor are breached, there may not be an adequate remedy available to us. If our trade secrets become publicly known, it may cause us to lose competitive advantages.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could subject us to significant liabilities and other costs.

Other companies, including our competitors, may obtain patents or other proprietary rights that would limit, interfere with, or otherwise circumscribe our ability to make, use, or sell products. Should there be a successful claim of infringement against us and if we could not license the alleged infringed technology at a reasonable cost, our business and operating results could be adversely affected. There has been substantial litigation regarding patent and other intellectual property rights in the medical device industry. The validity and breadth of claims covered in medical technology patents involve complex legal and factual questions for which important legal principles remain unresolved. Any litigation claims against us, independent of their validity, may result in substantial costs and the diversion of resources with no assurance of success.

Our products may be subject to product recalls.

Our products may be subject to recall, which would harm our reputation and business. The FDA and similar governmental authorities in other countries have the authority to require the recall of medical device products in the event of material deficiencies or defects in design or manufacturing. A government mandated or voluntary recall by us could occur as a result of component failures, manufacturing errors or design defects, including defects in labeling. Any recall would divert managerial and financial resources and could harm our reputation with customers. There can be no assurance that we will not have product recalls in the future or that such recalls will not have a material adverse effect on our business.

We face risks related to our information technology systems, and potential cyber-attacks and security breaches.

Increased sophistication and activities of perpetrators of cyber-attacks have resulted in an increase in information security risks in recent years. Hackers develop and deploy viruses, worms, and other malicious software programs that attack products and services and gain access to networks and data centers. If we were to experience difficulties maintaining existing systems or implementing new systems, we could incur significant losses due to disruptions in our operations. Additionally, these systems may contain valuable proprietary and confidential information and personal customer data. A security breach could result in disruptions of our internal systems and business applications, harm to our competitive position from the compromise of confidential business information or subject us to liability under laws that protect personal data. As cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and/or to investigate and remediate any information security vulnerabilities. Any of these consequences would adversely affect our revenue and margins.

We are subject to environmental regulations and any failure to comply may result in substantial fines and sanctions.

Our operations are subject to state, federal and international environmental laws and regulations governing, among other things, emissions to air, discharges to waters and the generation, handling, storage, transportation, treatment and disposal of raw materials, waste and other materials. Many of these laws and regulations provide for substantial fines and criminal sanctions for violations. We believe that we are operating our business and facility in a manner that complies in all material respects with environmental, health and safety laws and regulations; however, we may incur material costs or liabilities if we fail to operate in full compliance. We do not maintain environmental damage insurance coverage with respect to the products which we manufacture.

We may have to make significant expenditures in the future to comply with evolving environmental, health and safety requirements, including new requirements that may be adopted or imposed in the future. To meet changing licensing and regulatory standards, we may have to make significant additional site or operational modifications that could involve substantial expenditures or reduction or suspension of some of our operations. We cannot be certain that we have identified all environmental and health and safety matters affecting our activities, and in the future our environmental, health and safety problems, and the costs to remediate them, may be materially greater than we expect.

Our results of operations could be affected by currency fluctuations.

Our properties are all located in the U.S. and most costs associated with these properties are paid in U.S. dollars. At this time, all revenues are earned in U.S. dollars. If we are successful in marketing products to Europe and Japan, revenues may be earned in euros, yen and other diverse currencies. Marketing costs may also be incurred in such currencies. There can be significant swings in the exchange rate between these currencies and the Canadian dollar. There are no plans at this time to hedge against any exchange rate fluctuations in currencies.

RISKS RELATED TO OUR FINANCES AND CAPITAL REQUIREMENTS

We may invest in pre-revenue and other revenue-generating medical device companies which may not be able to meet anticipated revenue targets in the future.

We may make investments in companies with no significant sources of operating cash flow and no revenue from operations, or companies that have revenues but are introducing new product lines with no revenue history and a need to fund production and marketing expenses. Our investments in such companies will be subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that our investment in these pre-revenue companies or new products will not be able to meet anticipated revenue targets or will generate no revenue at all. The risk is that underperforming pre-revenue companies may lead to these businesses failing, which could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

Our sales are difficult to forecast.

As a result of recent and ongoing regulatory and policy changes in the medical device industries, the market data available is limited and may be unreliable. We must rely largely on our own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources in the states in which our business operates. Additionally, any market research and our projections of estimated total retail sales, demographics, demand and similar consumer research, are based on assumptions from limited and unreliable market data. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for several reasons including increases in operating expenses, changes or shifts in regulations or applicable laws, undiscovered or unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, our investors should not rely on any projections to indicate the actual results we might achieve.

Changes in our customer, product or competition mix could cause our product margin to fluctuate.

From time to time, we may experience changes in our customer mix, our product mix or our competition mix. Changes in our customer mix may result from geographic expansion or contractions, legislative or enforcement priority changes affecting the products we distribute, selling activities within current geographic markets and targeted selling activities to new customer sectors. Changes in our product mix may result from marketing activities to existing customers, the needs communicated to us from existing and prospective customers and from legislative changes. Changes in our competition mix may result from well-financed competitors entering into our business segment. If customer demand for lower-margin products increases and demand for higher-margin products decreases, our business, results of operations and financial condition may suffer.

We may not achieve or maintain profitability in the future.

We intend to expend significant funds to make acquisitions and to fund our working capital. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset higher operating expenses. We may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described in this Annual Report and other unknown events. The amount of future net losses will depend, in part, on the growth of our future expenses and our ability to generate revenue. If we continue to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have an adverse effect on our shareholders' equity and working capital. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. If we are unable to achieve and sustain profitability, the market price of our common shares may significantly decrease and our ability to raise capital, expand our business or continue our operations may be impaired. A decline in our value may also cause an investor to lose all or part of their investment.

RISKS RELATED TO OUR COMMON SHARES

Our common shares are a high-risk investment, as there presently is a limited market for our common shares, and the price of our common shares may continue to be volatile.

Our common shares are publicly traded in Canada on the TSX Venture Exchange (the "TSXV") under the trading symbol "EVMT" and on the OTC Pink Sheets under the trading symbol "LNDZF." We are not listed on any U.S. national securities exchange. Consequently, there is a limited trading market for our common shares, which may affect the ability of shareholders to sell our common shares in the U.S. and the prices at which they may be able to sell our common shares. The TSXV is a smaller exchange in Canada and a U.S. broker may not facilitate trades in Canada. The market price of our common shares has been volatile and fluctuates widely in price in response to various factors which are beyond our control. This volatility may be caused by a variety of factors, including the lack of readily available quotations, the absence of consistent administrative supervision of "bid" and "ask" quotations and generally lower trading volume. In addition, factors such as quarterly variations in our operating results, changes in financial estimates by securities analysts or our failure to meet our or their projected financial and operating results, litigation involving us, factors relating to the medical device industry, actions by governmental agencies, national economic and stock market considerations as well as other events and circumstances beyond our control could have a significant impact on the future market price of our common shares and the relative volatility of such market price. The price of our common shares is not necessarily indicative of our operating performance or long-term business prospects. In addition, the securities markets have from time-to-time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common shares.

In the U.S., our common shares are considered a "penny stock." The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks". These rules further restrict the trading activity and marketability of our common shares. As a result of the foregoing, an investment in our common shares should be considered a high-risk investment.

Additional issuances of common shares may result in further dilution.

We may issue additional common shares in the future to finance acquisitions or operations, which may dilute an existing investor's holdings. We cannot predict the size or nature of future issuances or the effect that future issuances and sales of common shares will have on the market price of our common shares. Issuances of a substantial number of additional common shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for our common shares. With any additional issuance of common shares, our investors will suffer dilution to their voting power and economic interest.

Our share price may be volatile and as a result investors could lose all or part of their investment.

In addition to volatility associated with equity securities in general, the value of an investment in our common shares could decline due to the impact of any of the following factors upon the market price of our common shares:

- our ability to execute our business plan;
- period-to-period fluctuations in our financial results;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- sales or perceived sales of additional shares of our common shares;
- operating and financial performance that varies from the expectations of management, securities analysts and investors;
- regulatory changes affecting our industry generally and our business and operations both domestically and abroad;
- announcements of developments and other material events by us or our competitors;
- changes in global financial markets and global economies and general market conditions;

- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

In addition, the securities markets have from time-to-time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common shares.

Resales of our common shares in the U.S. must comply with state blue sky laws.

Our common shares are not "covered securities" under Section 18(a) of the Securities Act of 1933, as amended, because the common shares are not listed for trading on a U.S. national securities exchange and must be resold in compliance with applicable state blue sky laws. Applicability is based upon the residence of the purchaser. While some states may have an exemption for resale without compliance with state blue sky laws, other states will require compliance with blue sky laws. Such compliance can be costly and lengthy. Any delays could result in burdensome wait times or the termination of the resale transaction.

We do not intend to pay dividends on our common shares and, consequently, the ability of investors to achieve a return on their investment will depend on appreciation in the price of our common shares.

Because we have no near-term plans to pay cash dividends on our common shares, investors must look solely to share appreciation for a return on their investment. We anticipate retaining all available funds and any future earnings for use in the operation and expansion of our business and there is no expectation that we will declare or pay any cash dividends on our common shares in the near term. Any future determination as to the declaration and payment of cash dividends will be at the discretion of the Board and will depend on the existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and other factors that the Board considers relevant. Accordingly, investors will only see a return on their investment if the value of our common shares appreciates.

We are subject to the continued listing criteria of the TSXV and our failure to satisfy these criteria may result in the suspension or delisting of the common shares.

Our common shares are currently listed on the TSXV. In order to maintain the listing, we must maintain certain financial and share distribution targets, including maintaining a minimum number of public shareholders. In addition to objective standards, the TSXV may delist or suspend from trading the securities of any issuer if, in the TSXV's opinion, the issuer or its principal operating subsidiary substantially reduces or impairs its principal operating assets, ceases or discontinues a substantial portion of its operations or business for any reason, or seeks protection or is placed under the protection of any insolvency or bankruptcy laws or is placed into receivership, or if any other event occurs or any condition exists which, in the opinion of the TSXV, makes continued listing on the TSXV inadvisable or not in the public interest.

If the TSXV suspends or delists our common shares, investors may face material adverse consequences, including, but not limited to, a lack of trading market for our common shares, reduced liquidity, decreased analyst coverage of the Company, and an inability for us to obtain additional financing to fund our operations.

We are eligible to be treated as an "emerging growth company" as defined in the JOBS Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common shares less attractive to investors.

As a result, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. For so long as we are an emerging growth company, we will not be required to:

- have an auditor report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm;
- rotate audit firms or provide a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- submit certain executive compensation matters to shareholder advisory votes, such as "say-on-pay" and "say-on- frequency"; and
- disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive Officer's compensation to median employee compensation.

We will remain an "emerging growth company" until the earliest of (i) the last day of the first fiscal year in which our total annual gross revenues exceed $1.07 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common shares that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three year period or (iv) the last day of the fiscal year in which we celebrate the fifth anniversary of our first sale of registered common equity securities pursuant to the Securities Act. Until such time, however, we cannot predict if investors will find our common shares less attractive because we may rely on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and our stock price may be more volatile.

The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.

We are incorporated under the *Business Corporations Act* (British Columbia), as amended (BCBCA). The rights of holders of our common shares are governed by the laws of the Province of British Columbia, including the BCBCA, by the applicable laws of Canada, and by our Articles, as amended (the "Articles"), and our bylaws (the "bylaws"). These rights differ in certain respects from the rights of shareholders in typical U.S. corporations.

It may be difficult to enforce judgments or bring actions outside the U.S. against us and our directors.

We are a British Columbia corporation and, as a result, it may be difficult or impossible for an investor to enforce in courts outside the U.S. judgments obtained in U.S. courts based upon the civil liability provisions of U.S. federal securities laws against these persons and the Company; or bring in courts outside the U.S. an original action to enforce liabilities based upon U.S. federal securities laws against these persons and the Company.

GENERAL RISKS

Our future success is substantially dependent upon our senior management, and our revenues and profitability depend on our relationships with capable sales personnel as well as customers, suppliers and manufacturers of the products that we distribute.

Our future success is substantially dependent upon the efforts and abilities of members of our existing senior management, particularly Michael Seckler, our Chief Executive Officer. The loss of the services of Mr. Seckler could have a material adverse effect on our business. We do not currently have "key man" life insurance policies on any of our employees. Competition for senior management is intense, burnout and turnover rates are increasing workplace concerns during and after the COVID-19 pandemic, and we may not be successful in attracting and retaining key personnel. Additionally, our future revenues and profitability depend on our ability to maintain satisfactory relationships with qualified sales personnel as well as customers, suppliers and manufacturers. If we fail to maintain our existing relationships with such persons or fail to acquire relationships with such key persons in the future, our business may be materially adversely affected.

Changes in U.S. economic conditions may negatively impact our business.

For the foreseeable future, our business is expected to be concentrated in the U.S. market. Changes in the economic conditions in the U.S. may have a substantial impact on our financial performance, business, financial condition or results of operations.

Changes in U.S. tax law may adversely affect us or our investors.

The rules dealing with U.S. federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common shares. In recent years, many changes have been made and changes are likely to continue to occur in the future.

For example, the Tax Cuts and Jobs Act enacted in 2017 made significant changes to corporate taxation, including the reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, which is a historically low rate. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act was enacted, which included certain changes in tax law intended to stimulate the U.S. economy in light of the COVID-19 pandemic, including temporary beneficial changes to the treatment of net operating losses, interest deductibility limitations and payroll tax matters. In light of the new presidential administration, it cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be enacted, promulgated or issued under existing or new tax laws, which could result in an increase in our or our investors' tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable

ITEM 2. PROPERTIES.

Our corporate headquarters is in Shirley, New York. The table below provides selected information regarding the leased principal properties used in our operations.

Location	Use	Lease Termination Date	Approximate Square Footage
Clear Lake, South Dakota	Manufacturing facility and office space (SDP)	10/33	77,000
Lebanon, New Hampshire	Office facility (Simbex)	09/24	10,548
Holt, Michigan	Distribution facility (Mio-Guard)	10/26	18,414
El Cajon, California	Manufacturing facility and office space (DaMar)	06/26	38,960
Grand Rapids, MN	Distribution facility (Arrowhead)	05/28	10,000
Shirley, NY	Distribution Facility (Biodex)	8/30	31,305

ITEM 3. LEGAL PROCEEDINGS

We are not currently a party to any pending legal proceedings that we believe will have a material adverse effect on our business or financial conditions. We may, however, be subject to various claims and legal actions arising in the ordinary course of business from time to time.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Price Information for our Common Shares

Our common shares have been traded on the TSXV under the symbol "EVMT" since January 22, 2024. From December 16, 2020, through January 21, 2024, our common shares traded on the TSXV under the symbol "SGMD". From January 15, 2020, through December 15, 2020, our common shares traded on the TSXV under the symbol "BRTL". The TSXV is the only trading market for our common shares. Our common stock is not traded on any U.S. exchange but is currently available for trading in the over-the-counter market and is quoted on the OTC Markets. Trading in stocks quoted on these markets is often thin and is characterized by wide fluctuations in trading prices due to many factors, including the requirement that brokers deliver certain risk disclosure documents and other information about the pricing and broker compensation, information that may have little to do with a company's operations or business prospects. As a result of these rules, investors may find it difficult to sell their shares in the U.S. trading market.

The Company's Class A Common Shares have the same rights as the Company's Common Shares, except that the Class A Common Shares (i) are non-voting except as required under the Business Corporations Act (British Columbia), (ii) are subject to restrictions on transfer other than in connection with conversion to Common Shares, transfer to family members and transfers for tax or estate purposes to affiliated companies or persons, and (iii) have limitations on conversion into Common Shares. The Class A Common Shares are convertible into Common Shares on a 1:1 basis, subject to a beneficial ownership limit that restricts any conversion that would result in the holder beneficially owning more than 9.9% of the outstanding number of Common Shares after giving effect to the issuance of the Common Shares upon conversion. Upon the occurrence of a Change of Control Event as defined in the terms of the Class A Common Shares, the Class A Common Shares shall be mandatorily converted 1:1 into Common Shares. Certain of the agreements covering acquisition transactions also impose limits on the conversion of Class A Shares to Common Shares, including provisions in the Simbex, Mio-Guard, DaMar and Arrowhead agreements that restrict conversion of the Class A Shares if the holder beneficially owns more than 500,000 Common Shares, and similar provisions in the SDP agreement that impose a limit of 368,500 Common Shares.

Holders

As of April 9, 2024, there were approximately 41 holders of record holding 57,833,591 common shares of the Company. This number includes an indeterminate number of shareholders whose shares are held by brokers in street name through depositaries, including CDS & Co.

The holders of our common shares are entitled to receive notice of and to attend and vote at all meetings of our shareholders and each common share shall confer the right to one vote in person or by proxy at all meetings of our shareholders. The holders of our common shares shall be entitled to receive such dividends payable in cash or property as may be declared thereon by the Board from time to time. The Board may declare no dividend payable in cash or property on our common shares unless the Board simultaneously declares a dividend payable in cash or property on our Class A Shares, in an amount per Class A Share equal to the amount of the dividend declared per common share. In the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of our common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of our shares, our remaining property and assets *pari passu* with the holders of our Class A Shares, with the amount of such distribution per common share equal to the amount of such distribution per Class A Shares. Holders of our common shares and Class A Shares have no pre-emptive rights and no right to convert their common shares into any other securities. There are no redemption or sinking fund provisions applicable to our common shares.

Dividend Policy

We have never paid cash dividends on our securities, and we do not anticipate paying any cash dividends on our common shares or Class A Shares in the foreseeable future. We intend to retain any future earnings for reinvestment in our business. Any future determination to pay cash dividends will be at the discretion of our Board of Directors, and will be dependent upon our financial condition, results of operations, capital requirements and such other factors as our Board of Directors deems relevant.

Unregistered Sales of Securities

The information contained in Note 13 to the Company's financial statements regarding the sale or issuance of securities during the year ended December 31, 2023 is incorporated by reference in this Item 5. These transactions represent securities issued by the Company during the year ended December 31, 2023 which were not registered under the Securities Act. We issued all of the securities listed in Note 13 to accredited investors pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated under the Securities Act or pursuant to Regulation S promulgated under the Securities Act.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

As used in this Annual Report on Form 10-K, the terms "the Company," "us," "our," the "Company" and "Evome" mean Evome Medical Technologies Inc. (formerly known as Salona Global Medical Device Corporation) (a corporation incorporated under the laws of the Province of British Columbia formerly known as Brattle Street Investment Corp.) and its subsidiaries (unless the context indicates a different meaning).

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes to those statements appearing elsewhere in this Annual Report on Form 10-K. A discussion regarding our financial condition and results of operations for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022 is presented under "Results of Operations" further below in this Item 7.

Cautionary Note Regarding Forward-Looking Statements

The following discussion and analysis should be read in conjunction with consolidated financial statements and the notes to those statements appearing elsewhere in this Annual Report on Form 10-K. This annual report, including, without limitation, statements under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "plans," "may," "will," "potential," "projects," "predicts," "continue," or "should," or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations. Such statements include, but are not limited to, economic and competitive conditions, the successful integration of its acquisitions and realization of the expected benefits of such acquisitions, regulatory changes and other uncertainties, the general expansion of its business, and other statements which are not statements of current or historical facts.

The forward-looking statements contained in this annual report are based on the Company's current expectations and beliefs concerning future developments and their potential effects on the Company. Future developments affecting us may not be those that the Company anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond its control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors" in this Report, all of which are difficult to predict. Should one or more of these risks or uncertainties materialize or should any of these assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under "Risk Factors" may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity, and developments in the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Report. In addition, even if the Company's results or operations, financial condition and liquidity, and developments in the industry in which it operates are consistent with the forward- looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods.

The Company previously issued full year 2023 projections for revenues, gross margin, and earnings in a press release dated February 9, 2023 that is available at www.sedarplus.com. Since these projections were communicated, the management team of the Company has changed substantially, and the strategic direction was updated mid-year. As a result, the projections for revenue, gross margin, and earnings were not achieved.

Currency

Financial information presented in this Report is presented in Canadian dollars, unless otherwise indicated.

OVERVIEW

On March 11, 2021, we completed the Change of Business, as defined by the TSX Venture Exchange, to become an acquisition-oriented business focused on human performance and rehabilitative solutions with plans to achieve scale through further acquisitions and organic growth. We presently intend to operate in the recovery science market, including postoperative pain, wound care and other markets serving the aging population in the U.S.

On May 21, 2021, the Company acquired South Dakota Partners Inc. ("SDP") through a subsidiary. SDP operates a large state-of-the-art production facility located in the State of South Dakota currently producing proprietary and white label medical devices for pain management, cold and hot therapy, NMES, PEMF and ultrasound. Results relating to SDP contained in this Report covers the period from March 1, 2022, through December 31, 2023.

On September 30, 2021, the Company acquired Simbex, LLC ("Simbex"), a medical device and consumer health product design and development firm. They offer both engineering services and commercialization strategy consulting for the Evome subsidiaries and other companies of all sizes. Results relating to Simbex contained in this Report cover the period from March 1, 2022, through December 31, 2023.

On November 29, 2021, the Company acquired the customer lists, sales orders and supply agreements, and related sales channel and intellectual property assets of ALG-Health, LLC ("ALG"), a business engaged in the selling medical devices and supplies to small, independent hospitals, group purchasing organizations, medical offices and clinics, in exchange for non-voting securities of ALG Health Plus which are exchangeable for up to a maximum of 21,000,000 nonvoting Class A shares of the Company subject to the achievement of certain revenue and EBITDA targets. In connection with the transaction, our subsidiary ALG Health Plus entered into an exclusive supply agreement with ALG. Results relating to ALG Health Plus contained in this Report cover the period from March 1, 2022, through December 31, 2023.

On March 11, 2022, the Company acquired Mio-Guard, LLC ("Mio-Guard"), a Michigan based company engaged in the wholesale sale of sports medicine products in the mid-western, southern and central U.S., through a wholly owned subsidiary. Since 2009, the team at Mio-Guard has sold into the athletic training, physical therapy and orthopedics markets for sports medicine products. Mio-Guard has over 50 sales representatives in the U.S. with a focus on the Midwest, South and Central U.S. and long-standing relationships with institutions ranging from high school to college to professional athletics. Results relating to Mio-Guard contained in this Report cover the period from March 11, 2022, through December 31, 2023.

On September 23, 2022, the Company acquired DaMar Plastics, Inc, a California based company that manufactures custom plastics. In addition to providing plastic injection molding parts to their customers, DaMar Plastics also offers several ancillary, including but not limited to assembly, packaging and mold making. The business capability matches well with the electromedical, and assembly services offered by South Dakota Partners (SDP). Results relating to DaMar Plastics contained in this Report cover the period from September 23, 2022, through December 31, 2023.

On March 15, 2023, the Company entered into a stock purchase agreement providing for the acquisition of all of the capital stock of Biodex Medical Systems, Inc. ("Biodex"), which consists principally of the Biodex Physical Medicine business. Results relating to Biodex contained in this Report cover the period from April 3, 2023, through December 31, 2023.

On May 15, 2023, the Company entered into and completed the acquisition pursuant to a Stock Purchase Agreement with the owner of Arrowhead Medical, LLC ("Arrowhead") providing for the acquisition of all of the ownership interests of Arrowhead. Results relating to Arrowhead contained in this Report cover the period from May 15, 2023, through December 31, 2023.

RECENT DEVELOPMENTS

On January 15, 2024, the Company entered into and completed a divestiture of Arrowhead pursuant to a membership interest purchase agreement with the former owner ("Arrowhead Purchaser") providing for the acquisition of all of the ownership interests of Arrowhead by the Arrowhead Purchaser. Pursuant to this divestiture, the Arrowhead Purchaser (i) assumed US$0.4 million of Arrowhead's debt; (ii) made a cash payment of US$0.2 million to the Company; (iii) relinquished its rights to 1,000,000 Class A shares of the Company; and (iv) relinquished any and all rights between the parties related to the original Stock purchase agreement including any obligations associated with the earnout shares thereunder.

In March of 2024, the Management made the decision to wind down the operations of Mioguard. The Company engaged the services of a strategic advisor to assist in the orderly wind-down of Mioguard, and this process commenced in March of 2024.

On March 14, 2024, 842,000 Class A shares were exchanged for 842,000 common shares in the Company at a price of $0.21 per share. No cash was received as part of this issuance.

On April 2, 2024, the Company entered into and completed a divestiture of Simbex pursuant to a membership interest purchase agreement with the acquiring company (“Simbex Purchaser”) providing for the acquisition of all ownership interests of Simbex by the Simbex Purchaser. Pursuant to this divestiture, the Simbex Purchaser (i) acquired all right, title and interest in Simbex; (ii) made a cash payment to two debtors of the Company including Pathward, National Association and Mirion Technologies (US) Inc. (refer to note 11) for US$824,441 and US$2,115,559, respectively; and (iii) made a cash payment to the Company in the amount of US$610,000.

REVENUE AND EXPENSE COMPONENTS

The following is a description of the primary components of our revenue and expenses:

Revenue. We derive our revenue primarily from the sale of goods and services provided to the Company's contracted customers and sales-based royalties charged by the Company to licensees of the Intellectual Property ("IP") developed by the Company. Currently, most of our business is conducted with customers within markets in which we have experience, and with payment terms that are customary to our business.

Cost of revenue. Cost of revenue consists primarily of direct labor expended in the manufacturing of products and the delivery of services, the cost of raw materials and finished goods and other overhead costs attributable to the manufacture of products or delivery of services.

Selling, general and administrative expenses. Selling, general and administrative expenses consist primarily of salaries and related employee benefits, sales commissions, stock-based compensation, insurance expense, professional service fees, information technology expenses and other administrative expenses.

Depreciation of property and equipment. Depreciation of property and equipment consists primarily of manufacturing equipment and information technology assets expensed over their useful lives.

Amortization of right-of-use assets. The right-of-use asset is a lessee's right to use an asset and is amortized over the life of the lease.

Amortization of acquired intangible assets. Amortization of acquired intangible assets reflects the amortization of intangible assets such as trademarks, non-compete agreement, intellectual property and customer base.

Interest expense. Interest expense consists primarily of the interest charged in connection with the line of credit facility, the term note and the finance leases.

Foreign exchange gains and losses. Foreign exchange gains and losses result from the currency fluctuations as the Company's operations are primarily in the U.S. in US dollars, and its reporting currency used throughout this annual report is in Canadian dollars.

Change in fair value of earn-out and contingent consideration. The change in fair value of earn-out and contingent consideration represents the change in earned and potential future obligations that are contingent on an acquired entity's business achieving certain milestones.

Transaction-related expenses. Transaction-related expenses include legal, financial, audit, US and Canadian regulatory expenses and other fees incurred in connection with the Change of Business transaction, the multiple acquisitions, due diligence of acquisition targets, financing costs, US regulatory costs and associated accounting and other costs. While these costs are necessary to the change of our line of business, they are not operational expenses of the business.

Income tax provision. The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*, which requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences.

RESULTS OF OPERATIONS

Revenue

	For the year ended December 31, 2023	For the ten months ended December 31, 2022	Change	
			$	%
Revenue	$ 62,627,451	$ 33,594,786	$ 29,032,665	86%

Revenue increased by $29.0 million, or 86%, for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022. Sales increased $28.4 million as a result of acquisitions made since the 10 months ended December 31, 2022, and by $5.7 million as a result the additional two months reported for twelve months ended December 31, 2023 as compared to ten months ended December 31, 2022. This was offset by a decrease in the contract services and distributor businesses of $5.9 million. A favorable impact related to changes in foreign exchange rates increased sales by $0.8 million.

Cost of revenue

	For the year ended December 31, 2023	For the ten months ended December 31, 2022	Change	
			$	%
Cost of revenue:				
Direct service personnel	$ 6,488,892	$ 5,264,246	$ 1,224,646	23%
Direct material costs	32,352,606	16,836,194	15,516,412	92%
Other direct costs	1,252,949	933,954	318,995	34%
Total cost of revenue	$ 40,094,447	$ 23,034,394	$ 17,060,053	74%

Total cost of revenue increased by $17.1 million, or 74%, for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022. The increase was primarily due to an increase in the sales volume and the additional two months reported for twelve months ended December 31, 2023 as compared to ten months ended December 31, 2022.

Operating expenses

	For the year ended December 31, 2023	For the ten months ended December 31, 2022	Change	
			$	%
Operating expenses:				
Selling, general and administrative	$ 23,546,026	$ 11,403,359	$ 12,142,667	106%
Depreciation of property and equipment	1,002,627	253,490	749,137	296%
Amortization of right-of-use assets	2,023,956	617,653	1,406,303	228%
Amortization of intangible assets	1,482,344	937,276	545,068	58%
Total operating expenses	$ 28,054,953	$ 13,211,778	$ 14,843,175	112%

Selling, general and administrative increased by $12.1 million, or 106%, for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022. The increase was primarily due to acquisitions made since the 10 months ended December 31, 2022 and the additional two months reported for twelve months ended December 31, 2023 as compared to ten months ended December 31, 2022.

Depreciation of property and equipment increased by $0.7 million, or 296%, for the year ended December 31, 2023, compared to the ten months ended December 31, 2022. The increase was primarily due to the addition of assets from acquired businesses within the year ending December 31, 2023, and the additional two months reported for twelve months ended December 31, 2023 as compared to ten months ended December 31, 2022.

Amortization of right-of-use assets increased by $1.4 million, or 228%, for the year ended December 31, 2023, compared to the ten months ended December 31, 2022. The increase was primarily due to the addition of building leases results from acquired businesses within year ending December 31, 2023, and the additional two months reported for twelve months ended December 31, 2023 as compared to ten months ended December 31, 2022.

Amortization of intangible assets increased by $0.5 million, or 58%, for the year ended December 31, 2023, compared to the ten months ended December 31, 2022. The increase was primarily due to addition of assets resulting from acquired businesses within the year ending December 31, 2023, and the additional two months reported for twelve months ended December 31, 2023 as compared to ten months ended December 31, 2022.

Interest and other income and (expense)

	For the year ended December 31, 2023	For the ten months ended December 31, 2022	Change	
			$	%
Interest and other income (expense)				
Interest expense	$ (2,639,990)	$ (590,470)	$ (2,049,520)	347%
Foreign exchange gain (loss)	3,868	(190,385)	194,253	-102%
Other income	1,986,814	-	1,986,814	-
Change in fair value of earnout consideration	1,165,697	(2,451,600)	3,617,297	-148%
Change in fair value of contingent consideration	3,581,984	(10,269,375)	13,851,359	-135%
Property and equipment impairment	(127,739)	-	(127,739)	-
Intangible and right of use asset impairment	(3,150,814)	-	(3,150,814)	-
Goodwill Impairment	(10,233,871)	-	(10,233,871)	-
Transaction costs	(609,846)	(2,877,365)	2,267,519	-79%
Total interest and other income (expense) net	$ (10,023,897)	$ (16,379,195)	$ 6,355,298	-39%

Interest expense increased by $2.0 million, or 347%, for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022. The increase was primarily due to added debt from unpaid earnout obligations and the purchase of Biodex, additional lease liabilities related to acquired businesses within the year ending December 31, 2023, and the additional two months reported for twelve months ended December 31, 2023 as compared to ten months ended December 31, 2022.

Foreign exchange gain (loss) increased by $0.2 million for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022. The increased gain is the result of the timing of when foreign vendors are paid in the functional currency of the Company.

Other income increased by $2.0 million for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022. This income is a result of refundable tax credits in accordance with the Employer Retention Credit ("ERC") program.

Change in fair value of earn-out consideration reduced expenses by $3.6 million for the year ended December 31, 2023, compared to the ten months ended December 31, 2022. The decrease is due to changes in the likelihood of the acquisitions achieving certain earnout milestones and changes in the stock price for the stock component of the earnout payments.

Change in fair value of contingent consideration reduced expenses by $13.9 million for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022. The decrease is due to changes in the likelihood of the acquisitions achieving certain earnout milestones and changes in the stock price for the stock component of the earnout payments.

The change in impairment expenses were the result of goodwill impairments of $1,143,514 and $9,090,357 for Mio-Guard and SDP, respectively; an impairment of intangible and right of use assets of $1,316,844 and $1,833,970 for Mio-Guard and SDP, respectively; and an impairment of property and equipment of $127,739 for Mio-Guard. These expenses resulted from changes in the anticipated financial performance of these entities.

Transaction costs decreased by $2.3 million for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022. The decrease is a result of a reduction in costs associated with acquisitions, potential acquisitions and US and Canadian regulatory activity.

Income Tax Provision

	For the year ended December 31, 2023	For the ten months ended December 31, 2022	Change	
				%
Provision for income taxes	$ (57,069)	$ 3,134,176	$ (3,191,245)	-102%

The provision for income taxes changed by $3.2 million for the twelve months ended December 31, 2023, compared to the ten months ended December 31, 2022. This change is due to the utilization of losses against deferred tax liabilities in the ten months ended December 31, 2022 and the full valuation allowance against deferred tax asset as of December 31, 2023.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents, our line of credit facility, and cash from operations. Our liquidity and capital structure are evaluated regularly within the context of our annual operating and strategic planning process. We consider the liquidity necessary to fund our operations, which includes working capital needs. Our future capital requirements will depend on many factors including our rate of revenue growth, property and equipment to expand manufacturing capacity, the timing and extent of spending to support development efforts, the expansion of sales and administrative activities, the timing of introductions of new products and enhancements to existing products, and the satisfaction of earn-outs and other contingent liabilities related to acquisitions.

As current borrowing sources become due, we may be required to access the capital markets for additional funding. If we are required to access the debt markets, we may or may not to be able to secure reasonable borrowing rates. As part of our liquidity strategy, we will continue to monitor our current level of spending and cash use as well as our ability to secure additional credit facilities, term loans, or other similar arrangements in light of our spending levels and general financial market conditions.

Cash and cash equivalents were $0.9 million and $1.9 million as of December 31, 2023 and 2022, respectively.

Summary of Cash Flows

The following is a summary of our cash provided by (used in) operating, investing and financing activities, the effect of exchange rate changes on cash and cash equivalents, and the net change in cash and cash equivalents:

	For the year ended December 31, 2023	For the ten months ended December 31, 2022
Net cash used in operating activities	$ (918,908)	$ (827,564)
Net cash used in investing activities	(1,518,851)	(5,597,102)
Net cash provided by (used in) financing activities	824,540	388,090
Net decrease in cash and cash equivalents	$ (1,613,219)	$ (6,036,576)

Operating Activities

We used net cash of $0.9 million for operating activities for the twelve months ended December 31, 2023 and $0.8 million for the ten months ended December 31, 2022. This cash flow was primarily used through an increase in working capital that was driven by acquisitions.

Investing Activities

We used net cash of $1.5 million for investing activities for the twelve months ended December 31, 2023. This reflects the net funds used to acquire Biodex for $1.3 million and to acquire property and equipment of $0.2 million. We used net cash of $5.6 million for investing activities for the ten months ended December 31, 2022. This reflects net funds used to acquire DaMar for $4.1 million, to acquire Mio-Guard for $0.6 million, to acquire intellectual property for $0.2 million, and to acquire property and equipment of $0.6 million.

Financing Activities

Financing activities provided net cash of $0.8 million for the twelve months ended December 31, 2023. We received net proceeds from our line of credit of $0.9 million and proceeds from the exercise of broker warrants of $34,000, partially offset by net principal payments on term debt of $0.2 million.

Financing activities provided net cash of $0.4 million for the ten months ended December 31, 2022. We received proceeds from the exercise of broker warrants of $0.2 million and net proceeds from the ALG agreement of $1.0 million, partially offset by net repayments on our line of credit of $0.7 and net principal payments on our term debt of $0.1 million.

We have never paid a cash dividend on our capital stock. Any future determination to pay cash dividends will be at the discretion of our Board of Directors (the "Board") and will depend upon our financial condition, operating results, capital requirements and such other factors as our Board deems relevant.

Debt and Commitments

Our contractual obligations as of December 31, 2023, include debt of $10.7 million, a line of credit facility of $6.1 million, and lease obligations of $7.9 million reflecting the minimum commitments for our office and warehouse spaces. See Notes 11 and 12 to our audited consolidated financial statements included elsewhere in this report for more information on our debt and lease obligations, respectively, including the scheduled maturities and timing of cash payments related to these obligations.

There are obligations as of December 31, 2023, for future earnout consideration associated with completed acquisitions. As of December 31, 2023, these obligations are estimated to be settled with $3.2 million in stock and $5.9 million in cash payments.

The Simbex earnout was due to be paid with stock of the Simbex acquisition parent subsidiary and cash in the month of April 2023. On May 19, 2023, 6,383,952 Class A shares were issued to the former owners of Simbex in connection with the conclusion of its earnout period at a fair market price of $0.29 per share fulfilling the Company's stock earnout obligation. The number of shares were allocated to the previous owners based on their percentage of ownership on the date of sale. On May 19, 2023, 1,743,244 of these Class A shares were then converted to 1,743,244 common shares. As of December 31, 2023, the cash component remains unpaid. Under the terms of the Simbex acquisition agreement, the unpaid cash earnout payment accrues interest at the rate of 8% per annum. Although management has been in discussions with the Simbex sellers to modify and extend the payment date for the cash earnout payment, there can be no assurances that any agreement will be reached in this regard or that the Simbex sellers may not take legal action to collect this obligation, which could result in significant legal costs and efforts to defend such claims. See Note 4 to our consolidated financial statements included elsewhere in this report for more information regarding acquisitions.

The DaMar earnout is due to be paid with stock of the Simbex acquisition parent subsidiary and cash in the month of April 2024. As of the filing of this report, the Company does not have a plan to make the cash payment. Although management has been in discussions with the DaMar sellers to modify and extend the payment date for the cash earnout payment, there can be no assurances that any agreement will be reached in this regard or that the DaMar sellers may not take legal action to collect this obligation, which could result in significant legal costs and efforts to defend such claims. See Note 4 to our consolidated financial statements included elsewhere in this report for more information regarding acquisitions.

On March 15, 2023, the Company entered into a stock purchase agreement providing for the acquisition of Biodex Medical Systems, Inc., which consists principally of the Biodex Physical Medicine business. The purchase agreement provided for the purchase of all of the capital stock of Biodex in consideration for a total of US $8 million in cash, minus indebtedness, transaction expenses and plus or minus a working capital adjustment, payable as follows: (i) the closing payment to the Sellers of US $1 million in cash was made on April 3, 2023, and (ii) three installment payments totaling US $7 million, plus or minus the post-closing adjustment, as follows: US $2 million on July 1, 2023, US $3 million on October 1, 2023, plus or minus the Post-Closing Adjustment, and US $2 million on January 1, 2024. The payment of the installment payments is secured by the pledge of the Biodex capital stock as security to Seller, pursuant to the terms of a promissory note. As of December 31, 2023, the US $2 million and US $3 million installment payments have not been paid by the Company.

On August 4, 2023, the Company entered into a Forbearance Agreement (the "Forbearance Agreement") pursuant to which the seller of this business has agreed to forbear from exercising its rights and remedies against the Company, including the Acceleration Right, through the earlier to occur of the Company's default under the Forbearance Agreement; or July 31, 2025, subject to, among other things, the following: (i) all past due amounts under the Debt shall accrue interest at 12% per annum; (ii) the payment by the Company on or prior to October 31, 2023 of approximately US $1.5 million; (iii) the payment by the Company each month commencing August 2023 of all of Salona's (together with its subsidiaries') cash in excess of US $2.5 million at the end of each month until late payments, including accrued interest (the "Late Payments"), are current with the original Debt payment schedule ("Original Debt Schedule"); (iv) the payment by the Company of 50% of any capital raised by the Company until the Late Payments are current with the Original Debt Schedule; (v) the Company obtaining prior consent from the Seller before it can make capital expenditures in excess of US $100,000 for any reason other than repair of equipment needed for its operations; (vi) the Company not declaring a dividend or initiating a share repurchase until such time as the obligations under the Original Debt Schedule are current; (vii) the Company not engaging in any merger or acquisition activities until such time as the obligations under the Original Debt Schedule are current or are brought current as a result of the merger or acquisition; and (viii) the Company being required to utilize 80% of any available credit lines or such percentage as allowed by its respective lender to access cash until the obligations under the Original Debt Schedule are current.

The Company has been in discussions to raise funds through equity and debt financings. As the Company's funding activities are ongoing, there can be no assurances that the Company will be able to secure funding on terms that are acceptable to the Company or at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the consolidated financial statements are issued. While management has developed and is in process to implement plans that management believes could alleviate in the future the substantial doubt that was raised, management concluded at the date of the issuance of the consolidated financial statements that substantial doubt exists as those plans are not completely within the control of management.

Off-Balance Sheet Arrangements

As of December 31, 2023, we did not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. On an on-going basis, we evaluate our estimates and assumptions, including those related to useful lives of non-current assets, impairment of non-current assets, including goodwill and intangible assets, valuation of stock-based compensation, allowance for doubtful accounts, provisions for inventory and valuation allowance for deferred tax assets. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumption conditions.

See Note 3 to our consolidated financial statements included elsewhere in this annaul report for additional details regarding the accounting policies we believe to be critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Recent Accounting Pronouncements

See Note 3 to our consolidated financial statements included elsewhere in this report for additional details regarding recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential economic loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange rates, raw material and other commodity prices.

Currency Risk. Our operating results and financial position are reported in Canadian dollars. The majority of our financial transactions are denominated in the U.S. dollar. The reported results of our operations are subject to currency transaction risks. We have no hedging agreements in place with respect to foreign exchange rates. We have not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. As of December 31, 2023, our cash and cash equivalents were $918,678, as compared to $1,928,464 as of December 31, 2022. Our financial debts have variable fixed rates of interest and, as a result, the Company is exposed to interest rate risk on the line of credit ($6,111,867) short-term debt ($9,986,783) and long-term debt ($683,018) which could negatively impact the Company's cash position and result of operations in future periods should interest rates rise.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

EVOME MEDICAL TECHNOLOGIES INC.

(formerly known as Salona Global Medical Device Corporation)

Consolidated Financial Statements

Contents

SRCO Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants
Park Place Corporate Centre
15 Wertheim Court, Suite 409
Richmond Hill, ON L4B 3H7, Canada
Tel: 905 882 9500 & 416 671 7292
Fax: 905 882 9580
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Evome Medical Technologies, Inc. (formerly Salona Global Medical Device Corporation)

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Evome Medical Technologies, Inc. (formerly Salona Global Medical Device Corporation) and its subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the year ended December 31, 2023 and for the ten-month period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2023 and for the ten-month period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred recurring losses from operations, has negative cash flows from operating activities, and has an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also described in Note 2. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

SRCO Professional Corporation 5828
We have served as the Company's auditor since 2020
Richmond Hill, Ontario, Canada
April 16, 2024

/s/ SRCO Professional Corporation

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

EVOME MEDICAL TECHNOLOGIES, INC.

Consolidated Balance Sheets

As of December 31, 2023 and 2022

(In Canadian Dollars, unless specified otherwise)

	Note		December 31, 2023		December 31, 2022
Assets					
Cash and cash equivalents	**16**	$	918,678	$	1,928,464
Accounts receivable, net	**5**		7,804,273		6,353,275
Inventories, net	**7**		10,242,614		8,102,626
Prepaid expenses and other receivables			2,037,925		216,489
Total current assets			**21,003,490**		**16,600,854**
Security deposit	**12**		595,229		566,198
Long-term accounts receivable	**5**		-		189,616
Long-term prepaid expenses and other receivables			175,963		441,025
Property and equipment, net	**8**		3,417,515		3,399,898
Operating lease right-of-use assets, net	**12**		9,643,815		7,781,300
Intangible assets, net	**9**		7,025,157		9,376,162
Goodwill	**4**		6,396,170		13,695,194
Total assets		**$**	**48,257,339**	**$**	**52,050,247**
Liabilities and Stockholders' Equity					
Liabilities					
Line of credit	**11**		6,111,867		5,162,711
Accounts payable and accrued liabilities	**10**		8,659,920		6,641,181
Current portion of debt	**11**		10,412,633		195,489
Current portion of operating lease liability	**12**		1,482,182		847,253
Other liabilities	**10**		1,790,040		1,807,702
Obligation for payment of earn-out consideration	**4**		9,113,663		15,506,531
Total current liabilities			**37,570,305**		**30,160,867**
Debt, net of current portion	**11**		257,168		574,515
Operating lease liability, net of current portion	**12**		6,426,608		5,983,333
Total liabilities		**$**	**44,254,081**	**$**	**36,718,715**
Stockholders' equity					
Common stock; no par value, unlimited shares authorized; 56,991,591 and 53,707,780 shares issued and outstanding as of December 31, 2023 and 2022, respectively	**13**		39,722,472		38,767,442
Class A shares; no par value, unlimited shares authorized; 22,898,409 and 3,403,925 shares issued and outstanding as of December 31, 2023 and 2022, respectively	**13**		13,789,795		1,800,064
Class A shares to be issued: 4,541,730 and 19,019,000 as of December 31, 2023 and 2022, respectively	**13**		3,406,298		14,264,250
Additional paid-in-capital	**13**		9,739,289		8,072,610
Accumulated other comprehensive income			2,209,605		1,688,452
Accumulated Deficit		**$**	**(64,864,201)**	**$**	**(49,261,286)**
Total stockholders' equity		**$**	**4,003,258**	**$**	**15,331,532**
Total liabilities and stockholders' equity		**$**	**48,257,339**	**$**	**52,050,247**

Basis of presentation and going concern (Note 2)
Contingencies (Note 18)
Subsequent events (Note 19)

The accompanying notes are an integral part of these consolidated financial statements.

EVOME MEDICAL TECHNOLOGIES, INC.
Consolidated Statements of Operations and Comprehensive Loss
For the Year ended December 31, 2023 and the ten months ended December 31, 2022
(In Canadian Dollars, unless specified otherwise)

	Note	For the year ended December 31, 2023	For the ten months ended December 31, 2022
Revenue	**6**	**$ 62,627,451**	**$ 33,594,786**
Cost of revenue			
Direct service personnel		6,488,892	5,264,246
Direct material costs		32,352,606	16,836,194
Other direct costs		1,252,949	933,954
Total cost of revenue		**40,094,447**	**23,034,394**
Gross margin		**22,533,004**	**10,560,392**
Operating expenses			
Selling, general, and administrative		23,546,026	11,403,359
Depreciation of property and equipment	**8**	1,002,627	253,490
Amortization of right-of-use assets	**12**	2,023,956	617,653
Amortization of intangible assets	**9**	1,482,344	937,276
Total operating expenses		**28,054,953**	**13,211,778**
Net operating loss		**(5,521,949)**	**(2,651,386)**
Interest expense		(2,639,990)	(590,470)
Foreign exchange gain (loss)		3,868	(190,385)
Other income		1,986,814	-
Change in fair value of earnout consideration	**4**	1,165,697	(2,451,600)
Change in fair value of contingent consideration	**4**	3,581,984	(10,269,375)
Property and equipment impairment		(127,739)	-
Intangible and right of use asset impairment		(3,150,814)	-
Goodwill Impairment		(10,233,871)	-
Transaction costs	**15**	(609,846)	(2,877,365)
Net loss before taxes		**$ (15,545,846)**	**$ (19,030,581)**
Provision for income taxes	**17**	(57,069)	3,134,176
Net loss		**(15,602,915)**	**(15,896,405)**
Other comprehensive income			
Foreign currency translation gain		521,153	682,091
Comprehensive loss		**$ (15,081,762)**	**$ (15,214,314)**
Net loss per share			
Basic and diluted		$ (0.21)	$ (0.29)
Weighted average number of shares outstanding			
Basic and diluted		73,471,696	54,841,014

The accompanying notes are an integral part of these consolidated financial statements.

EVOME MEDICAL TECHNOLOGIES, INC.
Consolidated Statements of Stockholders' Equity
For the twelve months ended December 31, 2023 and the ten months ended December 31, 2022
(In Canadian Dollars, unless specified otherwise)

	Common stock		Class A Shares		Class A shares to be issued					
	Number	Amount $	Number	Amount $	Number	Amount $	Additional paid-in-capital $	Accumulated other comprehensive income $	Accumulated Deficit $	Total $
Balance - February 28, 2022	**52,539,162**	**$ 38,046,097**	**1,355,425**	**$ 480,479**	**-**	**-**	**$ 6,985,107**	**$ 1,006,361**	**$ (33,364,881)**	**$ 13,153,163**
Share based compensation	-	-	-	-	-	-	1,278,915	-	-	1,278,915
Shares issued on exercise of options	28,154	8,426	-	-	-	-	(3,097)	-	-	5,329
Shares issued on exercise of warrants	454,817	229,598	-	-	-	-	(13,645)	-	-	215,953
Shares for debt settlement	260,921	201,401	-	-	-	-	-	-	-	201,401
Shares issued on financing, net	281,726	174,670	-	-	-	-	(174,670)	-	-	-
Shares to be issued related to acquisition of SDP	-	-	-	-	19,162,000	14,371,500	-	-	-	14,371,500
Shares issued related to acquisition of SDP	-	-	143,000	107,250	(143,000)	(107,250)	-	-	-	-
Class A shares exchanged for common shares	143,000	107,250	(143,000)	(107,250)	-	-	-	-	-	-
Shares issued related to ALG agreement	-	-	2,048,500	1,319,585	-	-	-	-	-	1,319,585
Foreign currency translation loss	-	-	-	-	-	-	-	682,091	-	682,091
Net loss from the period	-	-	-	-	-	-	-	-	(15,896,405)	(15,896,405)
Balance -December 31, 2022	**53,707,780**	**$ 38,767,442**	**3,403,925**	**$ 1,800,064**	**19,019,000**	**$ 14,264,250**	**$ 8,072,610**	**$ 1,688,452**	**$ (49,261,286)**	**$ 15,331,532**
Balance -December 31, 2022	**53,707,780**	**$ 38,767,442**	**3,403,925**	**$ 1,800,064**	**19,019,000**	**$ 14,264,250**	**$ 8,072,610**	**$ 1,688,452**	**$ (49,261,286)**	**$ 15,331,532**
Share based compensation	-	-	-	-	-	-	1,288,455	-	-	1,288,455
Shares issued on exercise of options	147,400	47,168	-	-	-	-	(13,266)	-	-	33,902
Shares to be issued related to acquisition of SDP	-	-	14,477,270	10,857,952	(14,477,270)	(10,857,952)	-	-	-	-
Shares for settlement of liabilities	337,524	84,381	-	-	-	-	114,714	-	-	199,095
Shares issued related to Simbex agreement	-	-	6,383,952	1,819,426	-	-	-	-	-	1,819,426
Shares issued related to ALG agreement	-	-	432,150	142,610	-	-	-	-	-	142,610
Shares issued related to Arrowhead agreement	-	-	1,000,000	270,000	-	-	-	-	-	270,000
Class A shares exchanged for common shares	2,798,887	823,481	(2,798,888)	(1,100,257)	-	-	276,776	-	-	-
Foreign currency translation gain	-	-	-	-	-	-	-	521,153	-	521,153
Net loss from the period	-	-	-	-	-	-	-	-	(15,602,915)	(15,602,915)
Balance - December 31, 2023	**56,991,591**	**$ 39,722,472**	**22,898,409**	**$ 13,789,795**	**4,541,730**	**$ 3,406,298**	**$ 9,739,289**	**$ 2,209,605**	**$ (64,864,201)**	**$ 4,003,258**

The accompanying notes are an integral part of these consolidated financial statements.

EVOME MEDICAL TECHNOLOGIES, INC.
Consolidated Statements of Cash Flows
For the year ended December 31, 2023 and the ten months ended December 31, 2022
(In Canadian Dollars, unless specified otherwise)

	Note	For the year ended December 31, 2023	For the ten months ended December 31, 2022
Operating activities			
Net loss		$ (15,602,915)	$ (15,896,405)
Non-cash items:			
Depreciation of property and equipment	**8**	1,002,627	253,490
Allowance for credit losses	**5**	690,802	-
Operating lease expense	**12**	2,620,107	865,780
Amortization of intangible assets	**9**	1,482,344	937,276
Property and equipment impairment		127,739	-
Intangible and right of use asset impairment		3,150,814	-
Goodwill Impairment		10,233,871	-
Stock based compensation	**13**	1,288,455	1,278,915
Change in fair value of contingent consideration	**4**	(3,581,984)	10,269,375
Change in fair value of earn-out consideration	**4**	(1,165,697)	2,451,600
Gain on lease termination		(265,840)	-
Loss on disposal of property and equipment	**8**	25,673	-
Changes in operating assets and liabilities:			
Accounts receivable	**5**	(1,901,546)	1,662,114
Deferred income tax recovery	**17**	-	(3,176,134)
Prepaid expenses and other receivables		(1,549,853)	(36,505)
Inventories		4,646,307	(1,782,778)
Long-term prepaids and other receivables		454,678	-
Accounts payable and accrued liabilities		(972,450)	1,878,879
Other liabilities		(280,330)	1,075,080
Operating lease liabilities	**12**	(1,321,710)	(608,251)
Net cash used in operating activities		**(918,908)**	**(827,564)**
Investing activities			
Cash received on acquisition of Mio-Guard	**4**	-	3,363
Cash received on acquisition of Arrowhead	**4**	28,217	-
Cash received on acquisition of DaMar	**4**	-	199,982
Acquisition of property and equipment	**8**	(203,268)	(639,471)
Acquisition of intellectual property	**9**	-	(243,201)
Acquisition of Mio-Guard	**4**	-	(572,400)
Acquisition of Biodex	**4**	(1,343,800)	-
Acquisition of DaMar	**4**	-	(4,345,375)
Net cash used in investing activities		**(1,518,851)**	**(5,597,102)**
Financing activities			
Principal payments on term debt, net	**11**	(158,518)	(138,946)
Proceeds from line of credit, net	**11**	949,156	(680,196)
Proceeds from exercise of broker warrants	**13**	-	215,953
Proceeds from ALG agreement	**4**	-	985,950
Proceeds from exercise of stock options	**13**	33,902	5,329
Net cash provided by (used in) financing activities		**824,540**	**388,090**
Effect of foreign exchange rates on cash		603,433	(92,060)
Decrease in cash and cash equivalents and restricted cash		(1,613,219)	(6,036,576)
Cash and cash equivalents and restricted cash, opening		1,928,464	8,057,100
Cash and cash equivalents and restricted cash, closing		**$ 918,678**	**$ 1,928,464**
Supplementary information:			
Interest paid		2,043,839	342,343
Income taxes paid		57,069	41,958
Shares issed for settlement of liabilities		199,095	201,401
Promissory note issued for acquisition		$ 9,160,160	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Evome Medical Technologies, Inc.

(formerly known as Salona Global Medical Device Corporation)
Notes to the Consolidated Financial Statements
(in Canadian Dollars, unless specified otherwise)

1. Description of the business

Evome Medical Technologies, Inc. (formerly known as Salona Global Medical Device Corporation and also formerly known as Brattle Street Investment Corp.) ("the Company," "us," "our," "Evome," or the "Company"), is a publicly traded company listed on the TSX Venture Exchange (the "Exchange" or "TSXV"). The Company specializes in human performance and rehabilitative solutions achieved through strategic acquisitions and leveraging the intellectual properties of specialized companies under our wholly-owned subsidiaries. The Company's aim is to create a large, broad-based medical device company with global reach.

The Company was incorporated under the Canada Business Corporations Act on September 17, 2013. The Company's common shares have been traded on the TSXV under the symbol "EVMT" since January 22, 2024. From December 16, 2020, through January 21, 2024, the Company's common shares traded on the TSXV under the symbol "SGMD". From January 15, 2020, through December 15, 2020, the Company's common shares traded on the TSXV under the symbol "BRTL". The registered office is Suite 200E - 1515A Bayview Avenue, East York, Ontario.

On May 21, 2021, the Company acquired South Dakota Partners Inc. ("SDP").

On September 30, 2021, the Company acquired Simbex, LLC ("Simbex").

On November 28, 2021, the Company launched a new U.S. sales subsidiary called ALG Health Plus, LLC ("Health Plus").

On March 11, 2022, the Company acquired Mio-Guard, LLC ("Mio-Guard").

On September 23, 2022, the Company acquired DaMar Plastics Manufacturing Inc. ("DaMar").

On December 14, 2022, the Board of Directors of the Company approved a change to its fiscal year from February 28 to December 31. The Company's fiscal year now begins on January 1 and ends on December 31 of each year, starting on January 1, 2023.

On March 15, 2023, the Company entered into a stock purchase agreement providing for the acquisition of all of the capital stock of Biodex Medical Systems, Inc. ("Biodex"), which consists principally of the Biodex Physical Medicine business. The Purchase Agreement replaced the previously disclosed asset purchase agreement covering the same business that was first announced on August 15, 2022. The Company completed the Acquisition on April 3, 2023. The purchase agreement provided for the purchase of all of the capital stock of Biodex in consideration for a total of US $8 million in cash, minus indebtedness, transaction expenses and plus or minus a working capital adjustment, payable as follows: (i) a closing payment to the Sellers of US $1,000,000 in cash, and (ii) three installment payments totaling US $7 million, plus or minus the post-closing adjustment, as follows: US $2 million on July 1, 2023, US $3 million on October 1, 2023, plus or minus the Post-Closing Adjustment, and US $2 million on January 1, 2024. As of December 31, 2023, no installment payment had yet been made on the balance. The payment of the installment payments is secured by the pledge of the Biodex capital stock as security to Seller, pursuant to the terms of a promissory note described in Note 11.

On May 15, 2023, the Company entered into and completed the acquisition pursuant to a Stock Purchase Agreement with the owner of Arrowhead Medical, LLC ("Arrowhead") providing for the acquisition of all of the

ownership interests of Arrowhead. The purchase price consideration consisted of the issuance at closing of one million (1,000,000) shares of the Company's Class A common stock, which is convertible into the Company's Common Shares, subject to limitations on conversion which prevent conversion of Class A shares if the holder owns more than 500,000 shares of the Company's Common Shares, or if the holder owns more than 9.9% of the outstanding Common Shares of the Company. The purchase price also included the assumption by the Company of approximately $444,930 (US $329,896) in bank debt under Arrowhead's asset-based line of credit, and a contingent earnout payment equal to one share of Class A common stock for each one dollar (US $1.00) of EBITDA generated by the Arrowhead business over the two-year period following the closing date, up to a maximum of 2 million Class A shares.

2. Basis of presentation

The accompanying consolidated financial statements were prepared in conformity with accounting principles generally accepted in the U.S. ("U.S. GAAP").

Functional and presentation currency

These consolidated financial statements are expressed in Canadian dollars unless otherwise stated. The functional currency of the Company is Canadian dollars, and the functional currency of its subsidiaries Inspira Financial Company, Inspira SaaS Billing, Inc., 1077863 B.C., Ltd, Simbex, LLC, ALG Health Plus, LLC, SDP, DaMar Plastics Manufacturing, Inc., Mio-Guard, LLC, Biodex Medical Systems Inc., Arrowhead Medical, LLC and the wholly owned holding company subsidiaries noted below is US dollars.

Going Concern

The Company evaluated whether there are any conditions and events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date the consolidated financial statements are issued. The Company has incurred recurring losses from operations, has negative cash flows from operating activities, and has an accumulated deficit as of December 31, 2023. The Company believes that its cash and other available resources may not be sufficient to meet its operating needs and the payment of obligations related to various business acquisitions as they come due within one year after the date the consolidated financial statements are issued.

As the Company's funding activities are ongoing, there can be no assurances that the Company will be able to secure funding on terms that are acceptable to the Company or at all. These conditions, along with the matters noted above, raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued. While management has developed and is in the process of implementing plans that management believes could alleviate in the future the substantial doubt that was raised including the evaluation of raising funds from debt and/or equity financing, management concluded at the date of the issuance of the financial statements that substantial doubt exists as those plans are not completely within the control of management. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated balance sheets classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. Significant accounting policies

a) Basis of consolidation

These statements consolidate the accounts of the Company and its wholly owned operating subsidiaries, namely, Simbex, Health Plus, SDP, Mio-Guard, DaMar, Biodex, Arrowhead, and 1077863 B.C., Ltd. Additionally, these statements consolidate the Company's wholly owned holding company subsidiaries, namely, Pan Novus Hospital Sales Group, LLC, Brattle Acquisition I Corp., Simbex Acquisition Parent I Corporation, Simbex Acquisition Parent Corporation, Mio-Tech Parent LLC, and DaMar Acquisition Corporation. The Company owns 100% of all of its subsidiaries. Intercompany balances and transactions are eliminated upon consolidation.

b) Basis of measurement

The consolidated financial statements of the Company have been prepared on a historical cost basis except contingent considerations, which are carried at fair value.

c) Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. This applies to useful lives of non-current assets, impairment of non-current assets, including goodwill and intangible assets, valuation of stock-based compensation, expected credit loss provision, provisions for inventory, valuation allowance for deferred tax assets, the purchase price accounting of the businesses that the Company has acquired, including the acquisition date fair value of the identifiable assets and liabilities acquired, the fair value of contingent consideration as well as the associated remeasurement of earnouts, and assessment of going concern. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The segment operating results are reviewed regularly by the Company's Chief Operating Decision Maker, the CEO, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. As of December 31, 2023, the Company has one segment, healthcare operations, which includes production, design, development, and sale of medical devices to businesses in the U.S. Assets, liabilities, revenues and expense from this segment are disclosed in the consolidated balance sheets and statements of operations and comprehensive loss.

e) Fair value of financial instruments

The Company's financial instruments consist principally of cash and cash equivalents, accounts receivable, security deposits, accounts payable and accrued liabilities, line of credit, debt, contingent consideration payable, lease liabilities and other liabilities.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) Topic 825, *Fair Value Measurements and Disclosures*, requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 820, *Financial Instruments*, defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures.

The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization, low risk of counterparty default and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

Level 1 -	Quoted prices in active markets for identical assets or liabilities.
Level 2 -	Inputs, other than Level 1, that are observable, either directly or indirectly, such as quoted prices for
	similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3 -	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the ability to observe valuation inputs may result in a reclassification of levels for certain assets or liabilities within the fair value hierarchy. The Company did not have any transfers of assets and liabilities between the levels of the fair value measurement hierarchy during the years presented.

As of December 31, 2023 and 2022, the Company did not identify any financial assets and liabilities other than contingent considerations resulting from the Simbex, ALG, DaMar, Mio-Guard and Arrowhead acquisitions, that would be required to be presented on the consolidated balance sheet at fair value.

f) Revenue recognition

Revenue comprises goods and services provided to the Company's contracted customers and sales-based royalties charged by the Company to licensees of the Intellectual Property ("IP") developed by the Company.

In accordance with ASC Topic 606 - *Revenue from Contracts with Customers (ASC 606),* the Company recognizes revenue upon the transfer of goods or services to a customer at an amount that reflects the expected consideration to be received in exchange for those goods or services. The Company accounts for a customer contract when the rights of the parties, including the payment terms, are identified, the contract has commercial substance, collection of consideration is probable, and the contract has been signed and agreed to by both parties. Revenue is recognized when, or as, performance obligations are satisfied by transferring control or economic benefit of the service to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for its services. Revenue excludes sales tax and is recorded net of discounts and an allowance for estimated returns unless the terms of the sales are final.

The principles in ASC 606 are applied using the following five steps:

1. Identify the contract with a customer;

2. Identify the performance obligation(s) in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to the performance obligation(s) in the contract; and

5. Recognize revenue when (or as) the performance obligation(s) are satisfied.

SDP, Mio-Guard, DaMar, Arrowhead and Biodex recognize revenue at a point-in-time upon transfer of control of goods to customers, which is generally upon shipment or delivery, depending on the delivery terms set forth in the customer contract, at an amount that reflects the consideration the Company received or expects to receive in exchange for the goods. Simbex recognizes its revenue over time as it meets its milestones and performs its obligations as agreed upon in its contracts with its customers. Payment received prior to the delivery of service is classified as "other liabilities."

For sales contracts with terms of more than one year, the Company recognizes any significant financing component as revenue over the contractual period using the effective interest method, and the associated interest income is reflected accordingly on the consolidated statements of operations and comprehensive loss and included in other income.

Provisions for discounts, returns and other adjustments are provided for the period in which the related sales are recorded. The Company has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for as warranty provisions.

g) Research and development costs

Research and development costs are generally expensed as incurred. These costs primarily consist of personnel and related expenses and are classified as part of the selling, general, and administrative expenses on the consolidated statements of operations and comprehensive loss.

h) Cash and cash equivalents

Cash and cash equivalents comprise of highly liquid interest-bearing securities that are readily convertible to cash and are subject to an insignificant risk of changes in value.

i) Accounts Receivable

The Company's accounts receivable are non-interest bearing trade receivables resulting from the sale of products and services. The Company provides an allowance for doubtful accounts at the point when collection is considered doubtful. Once all collection efforts have been exhausted, the Company charges-off the receivable with the allowance for doubtful accounts.

j) Inventories

Inventories are comprised of raw material, work-in-progress, trading goods, and finished goods, which consist principally of electrodes, electronic components, subassemblies, steel, plastic, hardware, fasteners, and purchased sports medicine products and are stated at the lower of cost (first-in, first-out) and net realizable value and include direct labor, materials, and other related costs. The Company periodically reviews inventory for evidence of slow-moving or obsolete items, and writes inventory down to net realizable value, as needed.

This write-down is based on management's review of inventories on hand, compared to estimated future usage and sales, shelf-life assumptions, and assumptions about the likelihood of obsolescence. If actual market conditions are less favorable than those projected by the Company, additional write-downs may be required. Inventory impairment charges establish a new cost basis for inventory and charges are not reversed subsequently to income, even if circumstances later suggest that increased carrying amounts are recoverable.

k) Goodwill

Goodwill represents the excess of costs over fair value of net assets acquired from the Company's business combinations. Goodwill and intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually in accordance with the FASB issued Accounting Standards Update ("ASU") No. 2017-04 *Intangibles-Goodwill and Other* (Topic 350). Because an assembled workforce cannot be sold or transferred separately from the other assets in the business, any value attributed to it is subsumed into goodwill. The Company evaluates the carrying value of goodwill annually and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to, (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator.

When evaluating whether the goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to its carrying amount, including goodwill. The Company identifies the reporting unit on a basis that is similar to its method for identifying operating segments as defined by the Segment Reporting Topic of the FASB ASC. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. This evaluation is applied annually.

l) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and impairment, if any. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Asset	Life
Machinery and equipment	3 - 10 years
Computer equipment and software	3 - 5 years
Furniture and fixtures	7 - 10 years
Leasehold improvements	Over the lease period
Land improvements	Over the lease period
Tooling	5 - 7 years
Vehicles	4 - 5 years

m) Right-of-use asset

The Company's right-of-use assets consist of leased assets recognized in accordance with ASC 842, Leases which requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liability represents the Company's obligation to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on the consolidated balance sheets and are expensed on a straight-line basis over the lease term in the consolidated statement of operations and comprehensive loss. The Company determines the lease term based on the lease commencement date including any options to renew that are reasonably certain to be exercised. In cases where the lease does not provide an implicit interest rate, the Company uses the Company's incremental borrowing rate based on the information available at commencement date in determining the present value of future payments.

n) Intangible assets

Intangible assets consist of trademarks, intellectual property, customer base and non-competes (Note 4 and Note 9). Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization and accumulated impairment losses per the table below:

Intangible asset	Life
Tradename - Trademarks	5 years
Non-competes	4-5 years
Intellectual Property	5 years
Customer Base	7-15 years

The intangible assets with finite useful lives are reviewed for impairment at least annually or when indicators of impairment are present. In the event that the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets.

o) Impairment for Long-Lived Assets

The Company applies the provisions of ASC Topic 360, Property, Plant, and Equipment, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets, including right-of-use assets, used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. This evaluation is applied annually.

p) Business Combination and Contingent consideration

A business combination is a transaction or other event in which control over one or more businesses is obtained. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. A business need not include all of the inputs and processes that were used by the acquiree to produce outputs if the business can be integrated with the inputs and processes of the Company to continue to produce outputs. The Company considers several factors to determine whether the set of activities and assets is a business.

Business combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill and allocated to reporting units. If the fair value of the net assets acquired exceeds the purchase consideration, the difference is recognized immediately as a gain in the consolidated statements of operations and comprehensive loss. Acquisition-related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they are adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date. The determination of the value of goodwill and intangible assets arising from business combinations requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair value of the net tangible and intangible assets acquired.

q) Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC Topic 718, Compensation-Stock Compensation (ASC 718). ASC 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the requisite service period. The Company recognizes in the consolidated statements of operations and comprehensive loss the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

r) Basic and Diluted Earnings Per Share

The Company applies ASC Topic 260, Earnings per share, which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to stockholders by the weighted average number of common shares and Class A shares outstanding for the period. Except for voting rights, the Company's common stock and Class A shares have the same dividend rights, are equal in all respects, and are otherwise treated as if they were one class of shares, including the treatment for the earnings per share calculations. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted earnings per share exclude all potentially dilutive shares if their effect is anti- dilutive. There were 9,903,364 potentially dilutive shares outstanding as of December 31, 2023. Due to the net loss incurred potentially dilutive instruments would be anti-dilutive. Basic and diluted shares are the same for all periods presented.

s) Foreign Currency Transactions and Comprehensive Income

U.S. GAAP generally requires recognized revenue, expenses, gains and losses be included in net loss. Certain statements, however, require entities to report specific changes in assets and liabilities, such as gain or loss on foreign currency translation, as a separate component of the equity section of the balance sheet. Such items, along with net loss, are components of comprehensive loss. The functional currency of the Company's subsidiaries is the US dollar. Translation gains (losses) are classified as an item of other comprehensive income in the stockholders' equity section of the consolidated balance sheet.

t) Employee Retention Credit

In accordance with the ERC program, a company is eligible for an ERC if, due to the COVID-19 pandemic, there has been a significant decline in gross receipts in the current year as compared with 2019 gross receipts, or a full or partial shutdown based on a governmental order. The ERC is computed based on a percentage of qualified wages (including qualified health insurance expenses) incurred during the year, with a maximum annual credit per employee.

Since there are no generally accepted accounting principles for for-profit business entities that receive government assistance that is not in the form of loan, an income tax credit or revenue from a contract with a customer, the Company determined the appropriate accounting treatment by analogy to other guidance. The Company's policy is to account for the ERC as a grant using guidance analogous to government grants found in International Accounting Standard (IAS) 20, Accounting for Government Grants and Disclosure of Government Assistance. In accordance with IAS 20, the ERC is recognized and recorded as other income in the consolidated statements of operations and comprehensive loss when there is reasonable assurance that the Company will comply with the conditions attached to the grant and the ERC will be received.

u) Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes (ASC 740)*, which requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company has not changed its methodology for estimating the valuation allowance. A change in valuation allowance affects earnings in the period the adjustments are made and could be significant due to the large valuation allowance currently established.

Under ASC 740, a tax position is recognized as a benefit only if it is 'more likely than not' that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the 'more likely than not' test, no tax benefit is recorded. The Company has no material uncertain tax positions for any of the reporting periods presented.

v) Share purchase warrants

The Company accounts for the share purchase warrants issued to investor and brokers pursuant to equity financing as either equity-classified or liability-classified instruments based on an assessment of the specific terms of the warrants and applicable authoritative guidance in ASC Topic 480, *Distinguishing Liabilities from Equity* (ASC 480) and ASC 815, *Derivatives and Hedging* (ASC 815). The assessment considers whether the Warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and meet all of the requirements for equity classification under ASC 815, including whether the Warrants are indexed to the Company's own shares and whether the holders of the warrants could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of issuance of the Warrants and as of each subsequent reporting period end date while the warrants are outstanding. For issued investor warrants and broker warrants that meet all of the criteria for equity classification, such warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued investor warrants and broker warrants that do not meet all the criteria for equity classification, liability-classified warrants are required to be recorded at their initial fair value on the date of issuance, and each consolidated balance sheet date thereafter. Changes in the estimated fair value of such warrants are recognized as a non-cash gain or loss on the consolidated statements of operations and comprehensive loss.

For all outstanding warrants, the Company concluded based on the above mentioned that the issued investor warrants, and broker warrants met the criteria for equity classification in accordance with ASC 815 and therefore were classified as equity. The fair value of those warrants was determined by using Black Scholes valuation model on the date of issuance. The relative fair value method was applied to allocate gross proceeds from the equity financing into its shares and warrants portion respectively. Those costs directly contributable to an equity financing are accounted for as a reduction of stockholders' equity.

w) Reclassification

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

x) Recently issued pronouncements

In September 2022, the FASB issued Accounting Standards Update (ASU) No. 2022-04 that requires additional qualitative and quantitative disclosures surrounding supplier finance programs intended to help investors better consider the effect of these programs on a company's working capital, liquidity, and cash flows over time. This update is effective for fiscal years beginning after December 15, 2022, including interim periods, except for the disclosure of roll forward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company adopted this ASU, and it did not have a significant impact on its consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03 Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions ("ASU 2022-03"), which (1) clarifies the guidance in ASC 820 on the fair value measurement of an equity security that is subject to a contractual sale restriction and (2) requires specific disclosures related to such an equity security. Under current guidance, stakeholders have observed diversity in practice related to whether contractual sale restrictions should be considered in the measurement of the fair value of equity securities that are subject to such restrictions. To reduce the diversity in practice and increase the comparability of reported financial information, ASU 2022-03 clarifies this guidance and amends the illustrative example. ASU No. 2022-03 is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company is currently evaluating the extent of the impact of this ASU but does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

In March 2022, the FASB issued ASU No. 2022-02, Troubled Debt Restructurings and Vintage Disclosures. ASU 2022-02 eliminates the accounting guidance on troubled debt restructurings for creditors in ASC Topic 310 and amends the guidance on "vintage disclosures" to require disclosure of current-period gross write-offs by year of origination. ASU 2022-02 also updates the requirements related to accounting for credit losses under ASC Topic 326 and adds enhanced disclosures for creditors with respect to loan re-financings and restructurings for borrowers experiencing financial difficulty. ASU 2022-02 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted this ASU, and it did not have a significant impact on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses, which changes the accounting for recognizing impairments of financial assets. Under the new guidance, credit losses for certain types of financial instruments will be estimated based on expected losses. The new guidance also modifies the impairment models for available-for-sale debt securities and for purchased financial assets with credit deterioration since their origination. This update is effective for annual periods beginning after December 15, 2022, as amended by ASU No. 2019-10, and interim periods within those periods, and early adoption is permitted. The Company adopted this ASU, and it did not have a significant impact on its consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04 providing optional expedients and exceptions to account for the effects of reference rate reform to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued. The optional guidance, which became effective on March 12, 2020, could be applied through December 31, 2022. In December 2022, the FASB issued No 2022-06 extending the sunset date of the relief provided under ASU No. 2020-04 to December 31, 2024. The Company has various contracts that reference LIBOR and is assessing how this standard may be applied to specific contract modifications through December 31, 2024.

4. Acquisitions

South Dakota Partners Inc. ("SDP") Purchase Price

The Company completed the purchase of all of the capital stock of South Dakota Partners Inc. (SDP), under the Purchase Agreement dated May 21, 2021. Under the Purchase Agreement, the Company acquired the manufacturer specializing in medical devices, full electronics box builds, printed circuit board assemblies, electrodes, drug delivery and many other products involving electronics, electro-mechanical assemblies, and various types of material conversion. The acquisition included all of the current customers, contract rights, inventory, equipment, workforce, and manufacturing infrastructure. At the time of the transaction, there were no material relationships between the seller and the Company or any of its affiliates, or any director or officer of the Company, or any associate of any such officer or director. As consideration, the Company agreed to issue 19,162,000 non-voting class "A" shares of common stock valued at $12,340,570 subject to earn-out adjustments, including revenue shortfall adjustment and adjusted net assets adjustments. The Company assumed all of the assets and liabilities of SDP.

In accordance with ASC Topic 805 *Business Combinations* ("ASC 805"), the measurement period for the acquisition is for one year during which the Company may re-evaluate the assets acquired, liabilities assumed and the goodwill resulting from the transaction as well as the change in amortization as a result of changes in the provisional amounts as if the accounting had been completed at the acquisition date.

The allocation of the purchase price to the assets acquired and liabilities assumed based on an estimate of fair values at the date of acquisition is as follows:

Cash	$	255
Security deposit		461,066
Accounts receivable		2,763,621
Inventories		4,958,833
Prepaid expenses		21,651
Property and equipment		1,409,421
Right-of-use assets		2,343,947
Intangible assets		2,199,444
Goodwill		9,090,357
Accounts payable		(821,244)
Accrued expenses		(201,733)
Customer deposits		(221,290)
Line of credit		(3,732,414)
Debt		(2,971,350)
Lease liability		(2,498,095)
Deferred tax liability		(557,559)
Other liabilities		(163,130)
Total adjusted purchase price	**$**	**12,081,780**

Goodwill	$	9,090,357
Tradename - Trademarks		341,929
Intellectual Property		320,823
Customer Base		1,266,405
Non-Competes		270,287
Total identifiable intangible assets including goodwill	**$**	**11,289,801**

The table below summarizes the value of the total consideration given in the transaction:

Stock (Parent Special Stock)		**12,340,570**
Floor Guarantee/Contingent Liability		**1,139,910**
Earn-out /Contingent Consideration (Revenue)		**(21,924)**
Earn-out /Contingent Consideration (Net Assets)		**(1,376,776)**
Total Consideration	**$**	**12,081,780**

As of May 31, 2022, SDP has concluded its earn-out period and has met both the revenue and adjusted net asset threshold requirements to receive its full 19,162,000 non-voting "Class A" shares of common stock. As such, this obligation is presented in the equity section as Class A shares to be issued. As of May 31, 2022, the date of issuance, the fair value of the 19,162,000 shares was $14,371,500. The Company issued 14,477,270 and 143,000 Class A shares from this pool of Class A shares to be issued for the periods ended December 31, 2023 and 2022, respectively.

The Company performed its annual goodwill impairment assessment as of December 31, 2023, which included both qualitative and quantitative evaluations. The Company determined that SDP experienced a triggering qualitative event during December of 2023 including reduced future cash flows and a diminished financial outlook for future periods. The Company assessed SDP further by comparing the carrying value of the entity's net assets to an estimated fair value of the entity using an income-based approach utilizing estimated cash flows attributable to the entity. Based on this assessment, the Company concluded that the fair value of SDP was below the carrying value primarily due to changes in the anticipated financial performance of the entity. As a result of this annual assessment, during the year ended December 31, 2023, the Company recorded goodwill impairment of $9,090,357 for SDP. Through further assessment, during the year ended December 31, 2023, the Company recorded an impairment of intangible assets of $1,833,970 for SDP due to the reduced ability of these assets to generate cash flows. The Company evaluated the property and equipment of SDP for impairment in light of these events. As a result of this assessment, during the year ended December 31, 2023, the Company determined that no impairment of property and equipment was needed.

Assets Acquired from ALG-Health, LLC:

On November 29, 2021, the Company consummated the acquisition of the customer lists, sales orders and supply agreements and related sales channel and intellectual property assets of ALG-Health, LLC ("ALG"), a business engaged in the selling medical devices and supplies to small, independent hospitals, group purchasing organizations, medical offices and clinics, in exchange for non-voting securities of Health Plus which are exchangeable for up to a maximum of 21,000,000 nonvoting Class A shares of the Company subject to the achievement of certain revenue and EBITDA targets. In connection with the transaction, our subsidiary ALG Health Plus, LLC entered into an exclusive supply agreement with ALG.

In accordance with ASC 805, the measurement period for the acquisition is for one year during which the Company may re-evaluate the assets acquired, liabilities assumed and the goodwill resulting from the transaction as well as the change in amortization as a result of changes in the provisional amounts as if the accounting had been completed at the acquisition date. The identified assets acquired, the customer list, has nominal value based on future cash flows which are dependent on a future, yet-to-be established business, and therefore no value has been assigned to it.

The contingent consideration liability represents potential future earnout payments to the Company that are contingent on Health Plus's and ALG's business arrangement achieving certain milestones. As a result of new arrangements, the fair value of the contingent consideration liability is estimated to be $155,574 and $298,183 as of December 31, 2023, and 2022, respectively.

The amount allocated to identifiable intangible assets was determined by the Company's management. Other intangible assets are being amortized over their useful life in accordance with the guidance contained in the FASB issued ASC Topic 350, *Goodwill and Other Intangible Assets* (ASC 350).

On November 21, 2022, 1,048,500 Class A shares were issued to two key individuals at ALG at a fair market price of $0.61 per share for achieving certain EBITDA milestones. On November 28, 2022, 1,000,000 Class A shares were issued to one key individual at ALG at a fair market price of $0.68 per share for achieving a revenue milestone as described in the agreement. $693,365 in cash was provided as consideration for these shares.

On April 11, 2023, 388,935 Class A shares were issued to one key individual at ALG at a fair market price of $0.33 per share for achieving a revenue milestone as described in the agreement. No cash was received as consideration for these shares.

On April 11, 2023, 43,215 Class A shares were issued to one key individual at ALG at a fair market price of $0.33 per share for achieving a revenue milestone as described in the agreement. No cash was received as consideration for these shares.

Simbex, LLC ("Simbex") Purchase Price:

The Company completed the purchase of all the capital stock of Simbex, LLC ("Simbex"), under the Purchase Agreement dated September 30, 2021. Under the Purchase Agreement, Evome acquired the company which provides mechanical and electrical design and engineering services as well as consultancy services in the field of biomechanical systems and medical devices. The acquisition includes all its current customers, contract rights, work-in-process, equipment, workforce, as well as its consulting, design, and engineering infrastructure. At the time of the transaction, there were no material relationships between the seller and Evome or any of its affiliates, or any director or officer of Evome, or any associate of any such officer or director. As consideration, the Company provided $5,691,759 cash and issued 6,383,954 shares of non-voting class "A" common stock valued at $6,769,769 subject to earn-out adjustments, including a revenue shortfall adjustment and adjusted net assets adjustments. The Company assumed all the assets and liabilities of Simbex.

In accordance with ASC 805, the measurement period for the acquisition is for one year during which the Company may re-evaluate the assets acquired, liabilities assumed and the goodwill resulting from the transaction as well as the change in amortization as a result of changes in the provisional amounts as if the accounting had been completed at the acquisition date.

The allocation of the purchase price to the assets acquired and liabilities assumed based on an estimate of fair values at the date of acquisition as follows:

Cash	$	632,697
Accounts Receivable		1,402,315
Work-in-process		301,180
Prepaid expenses		34,992
Property and equipment		122,916
Other receivables		6,395
Intangible Assets		5,175,486
Goodwill		6,263,204
Accounts payable and accrued liabilities		(33,560)
Accrued expenses		(1,095)
Unearned revenue		(131,016)
Deferred tax liability		(1,311,986)
Total adjusted purchase price	**$**	**12,461,528**

Goodwill	$	6,263,204
Tradename - Trademarks		933,865
Customer Base		3,648,148
Non-Competes		593,473
Total identifiable intangible assets including goodwill	**$**	**11,438,690**

The table below summarizes the value of the total consideration given in the transaction:

Cash	$	4,428,900
Working Capital Adjustment		1,262,859
Value of Escrowed Stock		126,540
Value of Earnout / Contingent Consideration		6,643,229
Total Consideration	**$**	**12,461,528**

On December 31, 2022, Simbex concluded the earn-out period and met the requirements to receive its full earnout consideration consisting of cash and 6,383,952 Class A shares valued at $0.45/share on the commencement of the earnout period. On May 19, 2023, the 6,383,952 Class A shares were issued to the former owners of Simbex at a fair market price of $0.29 per share fulfilling the Company's stock earnout obligation. The $1,165,697 change in fair value of the Class A shares was recognized as a change in fair value of earnout considerations in the consolidated statements of operations and comprehensive loss. The number of shares were allocated to the previous owners based on their percentage of ownership on the date of sale. As of December 31, 2023, the $4,542,029 cash component remains unpaid and is still outstanding on the consolidated balance sheet as an obligation for payment of earnout consideration and accrues interest at a rate of 8.00%. Interest expense under this obligation was $248,570 for the twelve months ended December 31, 2023 and $0 for the ten months ended December 31, 2022.

On February 28, 2022, the Company updated its assessment of the fair value of goodwill from the Simbex acquisition, in conjunction with the Company's third-party valuation experts based on updated year to date results of the acquired entity, intangible assets, and other factors resulting in an impairment to goodwill of $5,520,522. As of both December 31, 2023 and 2022, there was no further goodwill impairment necessary.

Mio-Guard LLC ("Mio-Guard")

On March 11, 2022, the Company acquired 100% of the units of Mio-Guard for consideration which is comprised of the following:

Cash	$	572,400
1,300,000 Class B units issued at closing		702,000
Quarterly Earnout payments (Maximum of 2,700,000 Class B Units)		1,166,464
Total Consideration	**$**	**2,440,864**

In accordance with ASC 805, the measurement period for the acquisition is for one year during which the Company may re-evaluate the assets acquired, liabilities assumed and the goodwill resulting from the transaction as well as the change in amortization as a result of changes in the provisional amounts as if the accounting had been completed at the acquisition date.

The allocation of the purchase price to the assets acquired and liabilities assumed based on an estimate of fair values at the date of acquisition as follows:

Cash	$	3,363
Accounts receivable		531,602
Inventory		498,897
Property and equipment		73,445
Right-of-use assets		476,955
Intangible assets and goodwill		2,329,018
Accounts payable		(764,225)
Due to related parties		(2,307)
Lease liability		(471,926)
Deferred tax liability		(233,958)
Total adjusted purchase price	**$**	**2,440,864**

The amount allocated to identifiable intangible assets was determined by the Company's management. Other intangible assets are being amortized over their useful life in accordance with the guidance contained in ASC 350.

Goodwill (including workforce)	$	1,143,514
Tradename		356,160
Customer Relationships		774,648
Non-Competes		54,696
Total identifiable intangible assets including goodwill	**$**	**2,329,018**

The contingent consideration liability represents potential future earnout payments to the sellers of Mio- Guard that are contingent on Mio-Guard's business achieving certain milestones. Certain Mio-Guard management was retained post-acquisition and will receive a portion of the potential future earnout payments as earned. The fair value of the contingent consideration liability of $1,166,465 was recognized on the acquisition date and was measured using unobservable (Level 3) inputs. As of December 31, 2023, the fair value of the contingent consideration liability is $956,520. The change in the fair value of the contingent consideration liability from the date of acquisition has been reflected as an expense on the consolidated statements of operations and comprehensive loss.

The Company performed its annual goodwill impairment assessment as of December 31, 2023, which included both qualitative and quantitative evaluations. The Company determined that Mio-Guard experienced a triggering qualitative event during December of 2023 including reduced future cash flows and a diminished financial outlook for future periods. The Company assessed Mio-Guard further by comparing the carrying value of the entity's net assets to an estimated fair value of the entity using an income-based approach utilizing estimated cash flows attributable to the entity. Based on this assessment, the Company concluded that the fair value of Mio-Guard was below the carrying value primarily due to changes in the anticipated financial performance of the entity. As a result of this annual assessment, during the year ended December 31, 2023, the Company recorded goodwill impairment of $1,143,514 for Mio-Guard. Through further assessment, during the year ended December 31, 2023, the Company recorded impairments of intangible assets of $1,000,785 and right of use asset of $316,059 for Mio- Guard due to the reduced ability of these assets to generate cash flows. Upon additional assessment of these triggering events as they relate to the property and equipment of this entity, the Company evaluated the long-lived assets of the entity for impairment. As a result of this assessment, during the year ended December 31, 2023, the Company recorded an impairment of property and equipment of $127,739 for Mio-Guard.

DaMar Plastics Manufacturing, Inc. ("DaMar")

On September 23, 2022, the Company acquired 100% of the shares of DaMar for a consideration which comprised of cash, and special parent stock at closing, and future contingent consideration during the earnout period.

Cash	$	4,071,000
Working capital adjustment		274,375
Stock (in Salona Global Buyer exchangeable for Class A shares in the Company)		967,650
Value of earnout/contingent consideration		2,656,635
Total Consideration	**$**	**7,969,660**

In accordance with ASC 805, the measurement period for the acquisition is for one year during which the Company may re-evaluate the assets acquired, liabilities assumed and the goodwill resulting from the transaction as well as the change in amortization as a result of changes in the provisional amounts as if the accounting had been completed at the acquisition date.

The allocation of the purchase price to the assets acquired and liabilities assumed based on an estimate of fair values at the date of acquisition as follows:

Cash	$	199,982
Accounts receivable		731,640
Inventory		791,552
Property and equipment		1,390,121
Right-of-use assets		3,061,590
Prepaid and other		158,696
Intangible assets and goodwill		4,677,092
Accounts payable and other assumed liabilities		(177,232)
Other liabilities		(3,972)
Unearned revenues		(104,401)
Lease liability		(1,568,820)
Deferred tax liability		(1,186,588)
Total adjusted purchase price	**$**	**7,969,660**

The amount allocated to identifiable intangible assets was determined by the Company's management. Other intangible assets are being amortized over their useful life in accordance with the guidance contained in the FASB issued ASC 350.

Goodwill (including workforce)	$	2,718,941
Tradename		169,625
Customer Relationships		1,316,290
Non-Competes		472,236
Total identifiable intangible assets including goodwill	**$**	**4,677,092**

The contingent consideration liability represents potential future earnout payments to the sellers of DaMar that are contingent on DaMar's business achieving certain milestones. Certain DaMar management was retained post- acquisition and will receive a portion of the potential future earnout payments if earned. The fair value of the contingent consideration liability of $3,624,286 was recognized on the acquisition date and was measured using unobservable (Level 3) inputs. As of December 31, 2023, the fair value of the contingent consideration liability is $3,441,640. The change in the fair value of the contingent consideration liability from December 31, 2022, has been reflected as an expense on the consolidated statements of operations and comprehensive loss.

On December 31, 2023, the Company reviewed its assessment of the fair value of goodwill from the DaMar acquisition and noted no impairment to Goodwill.

Biodex Medical Systems, Inc. ("Biodex")

On March 15, 2023, the Company entered into a stock purchase agreement providing for the acquisition of all of the capital stock of Biodex Medical Systems, Inc., which consists principally of the Biodex Physical Medicine business. The Company completed the Acquisition on April 3, 2023. The purchase agreement provided for the purchase of all of the capital stock of Biodex in consideration for a total of $10,423,218 (US $8,000,000) in cash, minus indebtedness, transaction expenses and plus or minus a working capital adjustment. The following was paid as consideration on the date of acquisition:

Cash consideration	$	1,343,800
Promissory note		9,079,418
Total Consideration	**$**	**10,423,218**

In accordance with ASC 805, the measurement period for the acquisition is for one year during which the Company may re-evaluate the assets acquired, liabilities assumed and the goodwill resulting from the transaction as well as the change in amortization as a result of changes in the provisional amounts as if the accounting had been completed at the acquisition date.

The allocation of the purchase price to the assets acquired and liabilities assumed based on an estimate of fair values at the date of acquisition as follows:

Security deposit	$	43,002
Prepaids and other receivables		257,610
Inventory		7,008,337
Property and equipment, net		907,544
Right-of-use assets, net		3,307,975
Intangible assets and goodwill		3,391,051
Trade and other payables		(3,021,568)
Lease liability		(1,470,733)
Total adjusted purchase price	**$**	**10,423,218**

The amount allocated to identifiable intangible assets was determined by the Company's management. Other intangible assets are being amortized over their useful life in accordance with the guidance contained in the FASB issued ASC Topic 350 "Goodwill and Other Intangible Assets".

Goodwill (including workforce)	$	1,751,615
Brand and Trademarks		806,280
Customer Relationships		833,156
Total identifiable intangible assets including goodwill	**$**	**3,391,051**

Since acquisition, Biodex has generated $18,341,613 of revenue and has generated a loss before tax of $1,100,960. These amounts are included in the consolidated statements of operations and comprehensive loss. If the combination had taken place at the beginning of the year, Biodex's revenue would have been $22,888,022 and loss before tax would have been $1,979,753. If the combination had taken place at the beginning of the year, consolidated revenues would have been $67,173,860 and consolidated losses before tax would have been $17,576,801. The pro forma unaudited results include estimates and assumptions which management believes are reasonable. The pro forma results do not include any cost savings or other effects of the planned integration of these entities and may not be fully indicative of the results that would have occurred if the business combination had been in effect on the dates indicated.

On December 31, 2023, the Company reviewed its assessment of the fair value of goodwill from the Biodex acquisition and noted no impairment to Goodwill.

Arrowhead Medical, LLC ("Arrowhead")

On May 15, 2023, the Company entered into and completed the acquisition pursuant to a Stock Purchase Agreement with the owner of Arrowhead Medical, LLC ("Arrowhead") providing for the acquisition of all of the ownership interests of Arrowhead. The purchase price consideration consists of the issuance at closing of one million (1,000,000) shares of the Company's Class A common stock, which was convertible into the Company's Common Shares, subject to limitations on conversion which prevent conversion of Class A shares if the holder owns more than 500,000 shares of the Company's Common Shares, or if the holder owns more than 9.9% of the outstanding Common Shares of the Company. The purchase price also included the assumption by the Company of approximately $444,930 (US $329,896) in bank debt under Arrowhead's asset-based line of credit, and a contingent earnout payment equal to one share of Class A common stock for each one dollar (US $1.00) of EBITDA generated by the Arrowhead business over the two-year period following the closing date, up to a maximum of 2,000,000 Class A shares.

Stock issued at closing (1,000,000 Class A Shares in the Company)	$	269,794
Contingent earnout consideration		77,820
Total Consideration	**$**	**347,614**

In accordance with ASC 805, the measurement period for the acquisition is for one year during which the Company may re-evaluate the assets acquired, liabilities assumed and the goodwill resulting from the transaction as well as the change in amortization as a result of changes in the provisional amounts as if the accounting had been completed at the acquisition date.

The allocation of the purchase price to the assets acquired and liabilities assumed based on an estimate of fair values at the date of acquisition as follows:

Cash	$	28,217
Accounts receivable		240,255
Inventory		264,600
Property and equipment		59,698
Right-of-use assets		822,558
Intangible assets and goodwill		966,029
Accounts payable and other assumed liabilities		(503,588)
Other liabilities		(262,667)
Bank loan		(444,930)
Lease liability		(822,558)
Total adjusted purchase price	**$**	**347,614**

The amount allocated to identifiable intangible assets was determined by the Company's management. Other intangible assets are being amortized over their useful life in accordance with the guidance contained in the FASB issued ASC Topic 350 "Goodwill and Other Intangible Assets".

Goodwill (including workforce)	$	696,289
Non-Competes		269,740
Total identifiable intangible assets including goodwill	**$**	**966,029**

The contingent consideration liability represents potential future earnout payments to the sellers of Arrowhead that are contingent on Arrowhead's business achieving certain milestones. Certain Arrowhead management was retained post-acquisition and will receive a portion of the potential future earnout payments as earned. The fair value of the contingent consideration liability of $77,820 was recognized on the acquisition date and was measured using unobservable (Level 3) inputs. As of December 31, 2023, the fair value of the contingent consideration liability was $17,901.

Since acquisition, Arrowhead has generated $3,348,342 of revenue and has generated a loss before tax of $73,423. These amounts are included in the consolidated statements of operations and comprehensive loss. If the combination had taken place at the beginning of the year, Arrowhead's revenue would have been $4,719,741 and a loss before tax would have been $80,075. If the combination had taken place at the beginning of the year, consolidated revenues would have been $63,998,850 and consolidated net earnings before tax would have been $16,704,660. The pro forma unaudited results include estimates and assumptions which management believes are reasonable. Additionally, the pro forma results do not include any cost savings or other effects of the planned integration of these entities and may not be fully indicative of the results that would have occurred if the business combination had been in effect on the dates indicated.

On December 31, 2023, the Company reviewed its assessment of the fair value of goodwill from the Arrowhead acquisition and noted no impairment to Goodwill.

5. Accounts receivable and other receivable

Our accounts receivable balance primarily includes balances from trade sales to distributors and retail customers. The allowance for credit losses is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance for credit losses based primarily on current trends and estimates. The Company provided for a percentage of trade receivable balance based on collection history and current economic trends that the Company expects will impact the level of credit losses over the life of the receivables. These reserves are re-evaluated on a regular basis and adjusted as needed. Once a receivable is deemed to be uncollectable, such balance is charged against the provision. Allowances for credit losses of approximately $804,532 and $73,341 as of December 31, 2023 and 2022, respectively are netted against accounts receivable. Changes in accounts receivable are primarily due to the timing and magnitude of orders of products, the timing of when control of products is transferred to distributors, and the timing of cash collections.

Activity in the allowance for credit losses consists of the following for the years ended December 31:

	December 31, 2023	December 31, 2022
Balance, beginning of year	$ 73,341	$ 73,341
Allowance for credit losses assumed in acquisitions	138,712	-
Net provision for bad debt expense	690,802	644
Write-offs	(98,323)	(644)
Balance, end of year	**$ 804,532**	**$ 73,341**

During the twelve months ended December 31, 2023, SDP had three customers accounting for 77% of revenues and as of December 31, 2023, those three customers accounted for 80% of accounts receivable which is a material concentration of risks. During December 31, 2023 SDP's revenue makes up 28% of total revenues. During the ten months ended December 31, 2022, SDP had three customers accounting for 83% of revenues and as of December 31, 2022, those three customers accounted for 88% of accounts receivable, which is a material concentration of risks. During December 31, 2022, SDP's revenue makes up 49% of total revenues.

During the twelve months ended December 31, 2023, Biodex had three customers accounting for 44% of revenues and as of December 31, 2023, those three customers accounted for 50% of accounts receivable which is a material concentration of risk. During December 31, 2023 Biodex's revenue makes up 29% of total revenues.

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law, providing numerous tax provisions and other stimulus measures, including employee retention tax credits ("ERTC"). The ERTC is a refundable tax credit against certain employment taxes for qualifying businesses retaining employees on their payroll during the COVID-19 pandemic and allows eligible employers to claim a refundable tax credit against the employer share of Social Security tax equal to 70% of the qualified wages they pay to employees, initially from March 27, 2020 until June 30, 2021, and extended through September 30, 2021. During 2023, the Company filed with the Internal Revenue Service ("IRS") credits totaling $1,036,532 million. This credit was included in Other income for the twelve months ended December 31, 2023 on the Consolidated Statement of Operations and Comprehensive Loss. As of December 31, 2023, the Company has not yet received this refund from the IRS, and the refund receivable is included in Prepaid expenses and other receivables on the Consolidated Balance Sheet as of December 31, 2023.

6. Disaggregation of revenues

During the twelve months ended December 31, 2023, $53,964,736 of the sales revenue was earned from "point-in-time" revenue and $8,662,715 of the sales revenue was earned "over-a-period" of time.

During the ten months ended December 31, 2022, $24,449,504 of the sales revenue was earned from "point- in-time" revenue and $9,145,282 of the sales revenue was earned "over-a-period" of time.

7. Inventories

The Company tracks inventory for manufactured goods as it progresses through the production process. The Company allocates inventory into four major categories: Raw material, work in progress, trading goods, and finished goods. Purchased finished goods are classified as trading goods.

	December 31, 2023	December 31, 2022
Raw materials	$ 9,011,654	$ 6,807,258
Work in progress	484,418	771,507
Finished goods	641,993	170,198
Trading goods	779,224	746,439
Provision for obsolete and slow moving inventory	(674,675)	(392,776)
Total	**$ 10,242,614**	**$ 8,102,626**

8. Property and equipment

Cost	December 31, 2022	Acquired April 3, 2023 and May 15, 2023	Total	Additions	Disposal	Impairment	Translation	December 31, 2023
Machinery and equipment	$ 3,371,161	$ 415,344	$ 3,786,505	$ 201,492	$ -	$ -	$ (2,420)	$ 3,985,577
Computer equipment and software	272,031	6,323	278,354	-	(2,454)	-	(455)	275,445
Funiture and fixtures	63,672	1,050	64,722	-	(23,219)	-	(215)	41,288
Land improvements	24,186	-	24,186	-	-	-	(43)	24,143
Leasehold improvements	146,451	415,561	562,012	-	-	-	2,277	564,289
Tooling	-	78,981	78,981	1,776	(1,746)	-	490	79,501
Vehicles	-	49,983	49,983	-	-	-	122	50,105
Total	$ 3,877,501	$ 967,242	$ 4,844,743	$ 203,268	$ (27,419)	$ -	$ (244)	$ 5,020,348

Accumulated amortization	December 31, 2022	Acquired April 3, 2023 and May 15, 2023	Total	Additions	Disposal	Impairment	Translation	December 31, 2023
Machinery and equipment	$ 411,654	$ -	$ 411,654	$ 829,318	$ -	$ 14,048	$ (3,940)	$ 1,251,080
Computer equipment and software	38,092	-	38,092	80,198	(368)	105,794	650	224,366
Furniture and fixtures	2,868	-	2,868	8,942	(2,211)	-	2,245	11,844
Land improvements	1,209	-	1,209	2,273	-	-	6	3,488
Leasehold improvements	23,780	-	23,780	40,642	-	7,897	72	72,391
Tooling	-	-	-	27,653	(1,746)	-	93	25,999
Vehicles	-	-	-	13,601	-	-	64	13,665
Total	$ 477,603	$ -	$ 477,603	$ 1,002,627	$ (4,325)	$ 127,739	$ (810)	$ 1,602,833
Net Book Value	$ 3,399,898							$ 3,417,515

Cost	February 28, 2022	Acquired March 11, 2022 and September 23, 2022	Total	Additions	Disposal	Translation	December 31, 2022
Machinery and equipment	$ 1,444,616	$ 1,387,142	$ 2,831,758	$ 447,342	$ -	$ 92,061	$ 3,371,161
Computer equipment and software	73,728	45,848	119,576	144,573	-	7,882	272,031
Furniture and fixtures	10,235	27,597	37,832	23,370	-	2,470	63,672
Land improvements	-	-	-	24,186	-	-	24,186
Leasehold improvements	134,516	2,979	137,495	-	-	8,956	146,451
Total	$ 1,663,095	$ 1,463,566	$ 3,126,661	$ 639,471	$ -	$ 111,369	$ 3,877,501

Accumulated amortization	February 28, 2022	Acquired March 11, 2022 and September 23, 2022	Total	Additions	Disposal	Translation	December 31, 2022
Machinery and equipment	$ 178,244	$ -	$ 178,244	$ 215,025		$ 18,385	$ 411,654
Computer equipment and software	15,269	-	15,269	21,165		1,658	38,092
Furniture and fixtures	1,292	-	1,292	1,446		130	2,868
Land improvements	-	-	-	1,174		35	1,209
Leasehold improvements	8,115	-	8,115	14,680		985	23,780
Total	$ 202,920	$ -	$ 202,920	$ 253,490	$ -	$ 21,193	$ 477,603
Net Book Value	$ 1,460,175						$ 3,399,898

9. Intangible assets

Cost	December 31, 2022	Acquired April 3, 2023 and May 15, 2023	Total	Additions	Impairment	Translation	December 31, 2023
Tradename - Trademarks	$ 1,801,579	$ 806,280	$ 2,607,859	$ -	$ -	$ -	$ 2,607,859
Intellectual Property	564,024	-	564,024	-	-	-	564,024
Customer Base	7,005,491	833,156	7,838,647	-	-	-	7,838,647
Non-Completes	1,390,692	269,740	1,660,432	-	-	-	1,660,432
Total	$ 10,761,786	$ 1,909,176	$ 12,670,962	-	$ -	$ -	$ 12,670,962

Accumulated Amortization and Impairment	December 31, 2022	Acquired April 3, 2023 and May 15, 2023	Total	Additions	Impairment	Translation	December 31, 2023
Tradename - Trademarks	$ 427,176	$ -	$ 427,176	$ 505,531	$ 423,447	$ (8,502)	$ 1,347,652
Intellectual Property	151,378	-	151,378	113,396	337,384	(6,774)	595,384
Customer Base	525,925	-	525,925	536,954	1,892,718	(38,005)	2,917,592
Non-Completes	281,145	-	281,145	326,463	181,207	(3,638)	785,177
Total	$ 1,385,624	$ -	$ 1,385,624	$ 1,482,344	$ 2,834,756	$ (56,919)	$ 5,645,805
Net Book Value	$ 9,376,162						$ 7,025,157

Cost	February 28, 2022	Acquired March 11, 2022 and September 23, 2022	Total	Additions	Impairment	December 31, 2022
Tradename - Trademarks	$ 1,275,794	$ 525,785	$ 1,801,579	$ -	$ -	$ 1,801,579
Intellectual Property	320,823	-	320,823	243,201	-	564,024
Customer Base	4,914,553	2,090,938	7,005,491	-	-	7,005,491
Non-Completes	863,760	526,932	1,390,692	-	-	1,390,692
Total	$ 7,374,930	$ 3,143,655	$ 10,518,585	$ 243,201	$ -	$ 10,761,786

Accumulated Amortization	February 28, 2022	Acquired March 11, 2022 and September 23, 2022	Total	Additions	Impairment	December 31, 2022
Tradename - Trademarks	$ 133,260	$ -	$ 133,260	$ 293,916	$ -	$ 427,176
Intellectual Property	51,968	-	51,968	99,410	-	151,378
Customer Base	169,783	-	169,783	356,142	-	525,925
Non-Completes	93,337	-	93,337	187,808	-	281,145
Total	$ 448,348	$ -	$ 448,348	$ 937,276	$ -	$ 1,385,624
Net Book Value	$ 6,926,582					$ 9,376,162

10. Accounts payable, accrued liabilities and other liabilities

	December 31, 2023	December 31, 2022
Accounts payable	$ 6,910,583	$ 5,269,323
Accrued liabilities	1,749,337	1,371,858
Other liabilities	1,790,040	1,807,702
Total	**$ 10,449,960**	**$ 8,448,883**

As of December 31, 2023 and 2022, other liabilities are primarily composed of unearned revenue.

11. Line of credit and debt

Line of Credit

On June 9, 2021, the Company through SDP entered into a Loan and Security Agreement. The line of credit facility is with Pathward National Association ("Pathward") (formerly, Crestmark), whereby the Company, through SDP, may borrow up to US$5,400,000. Borrowings bear interest at 4% or prime +0.75% per annum, whichever is greater, and any accrued unpaid interest is due on a monthly basis. The average interest rate applicable to the loan during the twelve months ended December 31, 2023 was 8.95%. The balance is secured by its entire $3,638,549 (US $2,751,058) of inventory and $2,037,707 (US $1,540,682) of accounts receivable of SDP and not the Parent or any other subsidiary. As of December 31, 2023, the balance outstanding under the agreement was $2,824,514 (US $2,135,577) (December 31, 2022 - $5,162,711 (US $3,811,807)).

In accordance with the agreement, the Company is subject to a financial covenant. The balance of the line of credit may not exceed the lesser of US $5,400,000 or the sum of 90% of accounts receivable, 50% of raw materials, 60% of finished inventory (up to US $2,500,000) and an amortizing borrowing base of $400,000 (which shall be reduced $16,667 each month), which must be met on a monthly basis. Additionally, the Company cannot make any loans, advances, or intercompany transfers of cash flow at any time. Since the execution of the debt line on June 9, 2021, to December 31, 2023, the Company was in compliance with the financial covenant.

On January 13, 2023, three operating subsidiaries of the Company, DaMar, Mio-Guard, and Simbex entered into a Loan and Security Agreement and related Schedule with Pathward National Association to increase the Company's aggregate credit line availability by up to US $5,500,000 (the "Agreement"). The Agreement complements an existing credit facility with Pathward through the Company's SDP subsidiary. The Agreement has a variable interest rate of the greater of 6% or 0.75% in excess of the rate shown in the Wall Street Journal as the prime rate per annum, is payable on demand and is secured by all of the assets of Simbex, Mio-Guard and DaMar (the "Borrowers"). In connection with execution of the Agreement, the Company and several of its intermediate holding company subsidiaries entered into a Guaranty of the obligations of the Borrowers (the "Guaranty"). As of December 31, 2023, the balance outstanding under the agreement was $1,061,638 (US $802,690).

On May 15, 2023, the Company through Arrowhead assumed a Loan and Security Agreement. The line of credit facility is with Woodland Bank, whereby the Company, through Arrowhead, may borrow up to $407,087 (US$301,100). Borrowings bear interest at 7.5% per annum and any accrued unpaid interest is due on a monthly basis. The balance is secured by Arrowhead assets and is personally guaranteed by the seller of Arrowhead. There can be no additional withdrawals from the line of credit and the balance will be repaid by the Company. As of December 31, 2023, the balance outstanding under the agreement was $326,757 (US $247,056) (December 31, 2022 - $0 (US $0)).

In accordance with the agreement, the Company is subject to a financial covenant. The balance of the line of credit may not exceed the lesser of US $300,000 or the sum of 75% of accounts receivable <90 days aged and 75% of accounts receivable >90 days aged where a 50% deposit was received by the customer. Since the execution of the debt line on April 3, 2020, to December 31, 2023, the Company was in compliance with the financial covenant.

On September 12, 2023, an operating subsidiary of the Company, Biodex ("Borrower"), entered into a Master Credit and Security Agreement and related Schedule with Pathward, National Association ("Lender") to receive financing accommodations in the form of a secured revolving loan of up to $4,056,000 (US $3,000,000) million (the "Agreement"). The Agreement has a variable interest rate of the greater of 6.00% per annum or 0.75% in excess of the rate shown in the Wall Street Journal as the prime rate, is payable on demand and is secured by all personal property of Borrower, Company, Inspira Financial Company, Mio-Tech Parent, LLC, Simbex Parent Acquisition I Corporation, Simbex Acquisition I Corporation, and DaMar Acquisition Company (collectively, "Guarantors"). The Company is subject to a financial covenant of maintaining a minimum tangible net worth of at least $2M for this loan. In connection with execution of the Agreement, the Guarantors entered into a Guaranty of the obligations of the Borrowers. As of December 31, 2023, the balance outstanding under the agreement was $1,898,958 (US $1,435,776) (December 31, 2022 - $0 (US $0)).

Term Notes

On June 9, 2021, the Company borrowed $1,014,000 (US$750,000) from Pathward National Association. The loan is secured by a loan and security agreement and may not exceed 92% of the net book value of SDP's machinery and equipment, which on December 31, 2023, was $1,340,194 (US $1,013,303). The debt accrues interest at 2.75% in excess of Wall Street Journal Prime rate with a minimum of 6% per annum with monthly payments of principal and interest in the amount of $19,604 (US$14,500) beginning on the first day of the first full month following the initial funding and maturing on June 1, 2024. As of December 31, 2023, the balance of the note was $596,506 (US $451,010) (December 31, 2022, $770,004 (US $568,520).

On April 3, 2023, in connection with the acquisition of Biodex, the Company entered into a seller secured promissory note with Mirion Technologies (US) Inc. The amount of the initial loan was $9,134,822 (US $6,756,525) to be repaid in three installments as follows: $2,704,000 (US $2,000,000) due on July 1, 2023, $4,056,000 (US $3,000,000) due on October 1, 2023, and $2,374,822 (US $1,756,525) due on the maturity date, which is January 1, 2024. The loan is secured by the pledged stock of Biodex Medical Systems Inc. The debt does not accrue interest unless the installment payment is made after the due date. As of December 31, 2023, no installment payment had yet been made on the balance. As per the agreement, $802,053 (US $606,421) of interest has been accrued on the overdue balance. As of December 31, 2023, the balance of the loan (including accrued interest) was $9,738,233 (US $7,362,947).

On August 4, 2023, the Company entered into a Forbearance Agreement (the "Forbearance Agreement") pursuant to which the seller of Biodex has agreed to forbear from exercising its rights and remedies against the Company, including the Acceleration Right, through the earlier to occur of the Company's default under the Forbearance Agreement; or July 31, 2025, subject to, among other things, the following: (i) all past due amounts under the Debt shall accrue interest at 12% per annum; (ii) the payment by the Company on or prior to October 31, 2023 of approximately US $1.5 million; (iii) the payment by the Company each month commencing August 2023 of all of the Company's (together with its subsidiaries') cash in excess of US $2.5 million at the end of each month until late payments, including accrued interest (the "Late Payments"), are current with the original Debt payment schedule ("Original Debt Schedule"); (iv) the payment by the Company of 50% of any capital raised by the Company until the Late Payments are current with the Original Debt Schedule; (v) the Company obtaining prior consent from the Seller before it can make capital expenditures in excess of US $100,000 for any reason other than repair of equipment needed for its operations; (vi) the Company not declaring a dividend or initiating a share repurchase until such time as the obligations under the Original Debt Schedule are current; (vii) the Company not engaging in any merger or acquisition activities until such time as the obligations under the Original Debt Schedule are current or are brought current as a result of the merger or acquisition; and (viii) the Company being required to utilize 80% of any available credit lines or such percentage as allowed by its respective lender to access cash until the obligations under the Original Debt Schedule are current.

Equipment Loans

On April 6, 2023, the Company borrowed $308,486 (US$228,170) with Dacotah Bank. The loan is secured by a commercial security agreement and collateral consisting of equipment with a net carrying value of $409,201 (US $309,391) that has been purchased with the proceeds. The debt accrues interest at 7.950% per annum with monthly payments of principal and interest in the amount of $6,258 (US$4,629) beginning on the first day of the first full month following the initial funding and maturing on April 1, 2028. As of December 31, 2023, the balance of the note was $267,926 (US$202,575).

Vehicle Loans

On May 15, 2023, the Company assumed a $82,879 (US$61,301) vehicle loan with Woodland Bank. The loan is secured by a Business Loan Agreement and collateralized by two vehicles (2020 Chevrolet Silverado LTZ with a net carrying value of $22,808 (US $17,245) and 2020 Chevrolet Silverado LT with a net carrying value of $44,560 (US $33,691)). The debt accrues interest at 5.504% per annum with monthly payments of principal and interest in the amount of $ 2,297 (US$1,699) beginning on September 27, 2021, and maturing on August 27, 2026. As of December 31, 2023, the balance of the note was $67,135 (US$50,760).

On May 15, 2023, the Company assumed a $12,170 (US$9,001) vehicle loan with Woodland Bank. The loan is secured by a Business Loan Agreement and collateralized by all inventory, equipment, receivables, and intangible assets of Arrowhead. The debt accrues interest at 5.975% per annum with monthly payments of principal and interest in the amount of $ 2,062 (US$1,525) beginning on the first day of the first full month following the initial funding and maturing on September 27, 2023. As of December 31, 2023, the balance of the note was $0 (US $0).

Following is a schedule of the borrowings of the Company:

	Pathward term loan	Equipment loan	Woodland vehicle loan	Woodland vehicle loan	Mirion promissory note	Total
Balance, February 28, 2022	**$ 856,119**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 856,119**
Additions	-	-	-	-	-	-
Principal repayments	(138,946)	-	-	-	-	(138,946)
Interest accrued	-	-	-	-	-	-
Translation	52,831	-	-	-	-	52,831
Balance, December 31, 2022	**770,004**	**-**	**-**	**-**	**-**	**770,004**
Additions	-	308,486	12,170	82,879	9,079,418	9,482,953
Principal repayments	(158,603)	(34,546)	(12,149)	(14,227)	-	(219,525)
Interest accrued	-	-	-	-	806,590	806,590
Translation	(14,895)	(6,014)	(21)	(1,516)	(147,775)	(170,221)
Balance, December 31, 2023	**596,506**	**267,926**	**-**	**67,136**	**9,738,233**	**10,669,801**
Less: current portion	(596,506)	(53,780)	-	(24,114)	(9,738,233)	(10,412,633)
Long-term portion	$ -	$ 214,146	$ -	$ 43,022	$ -	$ 257,168

12. Leases

Set out below are the carrying amount of right of use assets and lease liabilities and the movements within these balances during the period:

	Right-of-use assets
Balance, December 31, 2022	**$ 7,781,300**
Acquired	5,147,129
Amortization	(2,023,956)
Impact of modification/termination	(777,586)
Impairment	(316,058)
Translation	(167,014)
Balance, December 31, 2023	**$ 9,643,815**

	Lease liability	Current	Long-term
Balance, December 31, 2022	$ 6,830,586	$ 847,253	$ 5,983,333
Acquired	3,304,126		
Interest lease expense	596,151		
Lease payments	(1,872,083)		
Impact of modification/termination	(762,331)		
Translation	(187,659)		
Balance, December 31, 2023	**$ 7,908,790**	**$ 1,482,182**	**$ 6,426,608**

Future minimum lease payments payable are as follows:

Twelve months ending December 31, 2024	$	1,911,920
Twelve months ending December 31, 2025		1,955,422
Twelve months ending December 31, 2026		1,432,696
Twelve months ending December 31, 2027		1,064,205
Twelve months ending December 31, 2028		981,081
2029 and thereafter		3,454,075
Total future minimum lease payments		10,799,399
Less: Interest on lease liabilities		(2,890,609)
Total present value of minimum lease payments		7,908,790
Less: current portion		1,482,182
Non-current portion	$	6,426,608

As of December 31, 2023, the weighted average remaining lease terms were 7.40 years (December 31, 2022 - 9.32 years) and the weighted average discount rate was 7.09 % (December 31, 2022 - 6.15%).

In October 2018, SDP sold its facility in Clear Lake, South Dakota for $2,955,925 (US$2,182,461). In connection with the sale, SDP entered into a lease agreement for the facility with an initial lease term of 15 years for a base annual rent of $258,185 (US$190,965), with four extension options of five years each. The base rental amount increases annually on the first day of the lease year at the lesser of 2% or 1.25 times the change in the price index, as defined. Per the lease agreement, the Company delivered a letter of credit in the amount of $516,369 (US$381,930), to be renewed annually for the duration of the lease agreement. The letter of credit is secured by a guaranteed investment certificate, which is recorded as a security deposit on the consolidated balance sheet. In the determination of the right of use asset and the corresponding lease liability for this property, the Company originally determined that the company would utilize one option to extend the lease term for an additional five year period beyond the original 15-year lease term. During December of 2023, the Company determined that it was probable that the Company would not utilize this additional lease term. Accordingly, the Company adjusted the right of use asset and corresponding lease liability by $795,711 to remove this optional five-year renewal period.

On October 1, 2021, Simbex entered into a lease agreement for an office space located in Lebanon, NH with an initial lease term of 3 years for a base annual rent of $212,859 (US$157,440), with an option to extend for five years. The base rental amount increases annually on the first day of the lease year based on the change in the rolling average of the cost-of-living index for the prior six reporting periods. Per the lease agreement, the Company is also responsible to pay a prorated share of the building overhead monthly as additional rent. The annual amount for this additional rent is $126,294 (US $93,413).

On September 21, 2022, Inspira Financial Company entered into a lease agreement for its former corporate headquarters and distribution center located in Carlsbad, CA for a base annual rent of $108,349 (US $80,140). The lease began on October 1, 2022, with an initial lease term of 4 years and 2 months, with a contractual end date of November 30, 2026. The initial lease agreement included an option to renew for an additional 5 years. The base rental amount increased annually as per the base rent schedule included in the lease agreement. During 2023, the Company chose to terminate this lease.

On January 1, 2022, Mio-Guard LLC entered into a lease agreement for an office space located in Holt, MI with an initial lease term of 5 years for a base annual rent of $115,807 (US$85,656). The base rental amount increases annually on the first day of the lease year at the lesser of 2.27% or 1.25 times the change in the price index, as defined. During December of 2023, the Company stopped paying rent at the Mio-Guard facility. In December of 2023, the Company fully impaired the Mio-Guard right of use asset associated with this lease of $309,713 as the Company did not expect to receive a future benefit from this asset.

On July 1, 2012, DaMar entered into a lease agreement for an industrial and office space located in El Cajon, CA with an initial lease term of 7 years. The lease was automatically extended for an additional 7 years on July 1, 2019, for a base annual rent of $443,499 (US$328,032). The lease is currently set to terminate on June 30, 2026. The base rental amount increases annually on the first day of the lease year by 3% of the preceding month's lease payment as defined in the agreement.

On January 9, 2023, DaMar entered into a capital equipment lease agreement with an initial lease term of 3 years for an annual lease payment of $140,081 (US$103,610).

On February 27, 2023, DaMar entered into a capital equipment lease agreement with an initial lease term of 3 years for an annual lease payment of $29,747 (US$22,002).

On May 23, 2023, DaMar entered into a capital equipment lease agreement with an initial lease term of 3 years for an annual lease payment of $180,908 (US$133,808).

On September 1, 2020, Biodex entered into a lease agreement for an industrial and office space located in Shirley, NY with an initial lease term of 5 years for a base annual rent of $259,584 (US$192,000), with an option to extend for an additional 5 years. The base rental amount does not increase during the initial rental period but increases 3% annually on the first day of the lease year if the lease extension is utilized.

On May 15, 2023, Mio-Guard, LLC entered into a lease agreement for a warehouse and office space located in Grand Rapids, MN with an initial lease term of 5 years and 1 month for a base annual rent of $206,045 (US$152,400). The base rental amount does not increase over the initial rental period.

On July 25, 2023, DaMar entered into a capital equipment lease agreement with an initial lease term of 3 years for an annual lease payment of $38,932 (US$28,796).

13. Stockholders' Equity

Share capital

The Company maintains voting common shares and non-voting convertible Class A shares both of which have no par value and have an unlimited amount of shares authorized.

Issuances

As of December 31, 2023 and 2022, the Company had 56,991,591 and 53,707,780 common shares outstanding, respectively, with a value of $39,722,472 and $38,767,442, respectively.

As of December 31, 2023 and 2022, the Company had 22,898,409 and 3,403,925 Class A shares outstanding, respectively, with a value of $13,789,795 and $1,800,064, respectively.

On February 15, 2022, 7,749,000 shares of common stock and 7,749,000 share purchase warrants to purchase 7,749,000 shares were issued in connection with financing for a total of $4,261,950 in proceeds. The 7,749,000 shares of common stock were issued at a price of $0.55 per common share. Each warrant has an exercise price of $0.70 which can be exercised for 36 months. The total fair value of the warrants was estimated on the date of the grant to be $3,591,369 at a price of $0.46 per unit using the Black- Scholes option pricing model with the following assumptions: expected volatility of 192%; expected dividend yield of 0%; risk-free interest rate of 1.7%; stock price of $0.52; and expected life of 3 years.

Additionally, as part of the financing, the Company incurred share issuance costs totaling $665,113, which included paying cash of $410,284 and issuing 542,431 broker warrants as finders' commissions. Each broker warrant entitles the holder to acquire one common at an exercise price of $0.55 for a 36-month period. The total fair value of the broker warrants was estimated on the date of the grant to be $254,829 at a price of $0.47 per unit using the Black- Scholes option pricing model with the following assumptions: expected volatility of 192%; expected dividend yield of 0%; risk-free interest rate of 1.7%; stock price of $0.52; and expected life of 3 years.

On May 4, 2022, 454,817 shares of common stock were issued on the exercise of 454,817 broker share purchase warrants at an exercise price of $0.4749 per share. Proceeds received from this exercise totaled $215,953.

On May 25, 2022, 28,154 shares of common stock were issued on the exercise of 28,154 stock options at an exercise price of $0.19 per share. Proceeds received from this exercise totaled $5,329.

On May 31, 2022, 143,000 Class A shares were issued to former owner of SDP at a fair market price of $0.75 per share These shares were issued upon completion of SDP's earn-out period. No cash was required to be received as consideration for these shares. Immediately following the issuance, the 143,000 Class A shares were exchanged for 143,000 common shares of the Company.

On July 22, 2022, the Company entered into a share for debt agreement, pursuant to which it issued an aggregate of 260,921 shares of common stock in satisfaction of $201,401 (US$156,553) of indebtedness owed to a service provider. The 260,921 shares of common stock were valued at $201,401 (US $156,553) based on a share price on the date of issuance.

In connection with the closing of the February 15, 2022, Private Offering, the Company entered into a Registration Rights Agreement with the purchasers and the Underwriters (the "Registration Rights Agreement") providing for the filing of a registration statement (the "Registration Statement") with the Securities and Exchange Commission registering the resale of the common shares issued and issuable in connection with the Private Offering (collectively, the "Securities"). Under the Registration Rights Agreement, the Company was obligated to file the Registration Statement no later than April 1, 2022, and to use commercially reasonable efforts to cause the Registration Statement to be declared effective no later than 180 days after February 15, 2022. As a result of the Company's delay in filing and causing the Registration Statement to become effective timely, the liquidated damages to the purchasers and the Underwriters was an aggregate amount of 281,726 additional common shares. On September 14, 2022, these 281,726 common shares were issued for a fair value of $174,670 based on a share price on the date of issuance.

In connection with the acquisition of ALG Health's customer lists, sales orders and supply agreements and related sales channel and intellectual property assets on November 29, 2021, Class A shares are to be issued based on achieving certain EBITDA and revenue milestones. On November 21, 2022, 1,048,500 Class A shares were issued to two key individuals at ALG at a fair market price of $0.61 per share for achieving certain EBITDA milestones. No cash was required to be received as consideration for these shares. On November 28, 2022, 1,000,000 Class A shares were issued to one key individual at ALG at a fair market price of $0.68 per share for achieving a revenue milestone as described in the agreement. $693,365 in cash was given as consideration for these shares.

On January 10, 2023, 104,850 Class A shares were exchanged for 104,850 common shares in the Company at a price of $0.43 per share. No cash was received as part of this issuance.

On February 7, 2023, 339,079 Class A shares were exchanged for 339,079 common shares in the Company at a price of $0.47 per share. No cash was received as part of this issuance.

On February 21, 2023, 1,275,770 Class A shares were issued to a former owner of SDP at a price of $0.75 per share. These shares were issued upon completion of SDP's earn-out period. No cash was required to be received as consideration for these shares.

On February 23, 2023, 11,481,890 Class A shares were issued to former owner of SDP at a price of $0.75 per share. These shares were issued upon completion of SDP's earn-out period. No cash was required to be received as consideration for these shares.

On March 2, 2023, 147,400 stock options were exercised for 147,400 shares of common stock for total proceeds of $33,902. 73,700 of these options were exercised at a price of $0.27 per share and 73,700 of these options were exercised at a price of $0.19 per share. The 147,400 shares that were issued in connection with this exercise were released on April 11, 2023.

On April 11, 2023, 388,935 Class A shares were issued to one key individual at ALG at a fair market price of $0.33 per share for achieving a revenue milestone as described in the agreement. No cash was received as consideration for these shares.

On April 11, 2023, 43,215 Class A shares were issued to one key individual at ALG at a fair market price of $0.33 per share for achieving a revenue milestone as described in the agreement. No cash was received as consideration for these shares.

On May 15, 2023, 1,000,000 Class A shares were issued to the former owner of Arrowhead in connection with its acquisition at a fair market price of $0.27 per share. No cash was received as consideration for these shares.

On May 19, 2023, 6,383,952 Class A shares were issued to various former owners of Simbex in connection with the conclusion of its earnout period at a fair market price of $0.29 per share. The number of shares were allocated to the previous owners based on their percentage of ownership on the date of sale.

On May 19, 2023, 1,743,244 Class A shares were exchanged for 1,743,244 common shares in the Company at a price of $0.29 per share. No cash was received as part of this issuance.

On June 5, 2023, 337,524 common shares were issued to a former employee of the Company at a fair market price of $0.25 per share in connection for the settlement of liabilities. No cash was received as consideration for these shares.

On June 26, 2023, 368,500 Class A shares were exchanged for 368,500 common shares in the Company at a price of $0.28 per share. No cash was received as part of this issuance. On August 17, 2023, these shares were issued at a price of $0.19 per share.

On June 27, 2023, 43,215 Class A shares were exchanged for 43,215 common shares in the Company at a price of $0.28 per share. No cash was received as part of this issuance.

On October 31, 2023, 1,719,610 Class A shares were issued to former owners of SDP at a price of $0.75 per share. These shares were issued upon completion of SDP's earn-out period. No cash was required to be received as consideration for these shares.

On November 2, 2023, 200,000 Class A shares were exchanged for 200,000 common shares in the Company at a price of $0.21 per share. No cash was received as part of this issuance.

Shares to be issued

On May 31, 2022, SDP concluded its earn-out period and achieved its milestones allowing SDP to receive its full earn-out compensation of 19,162,000 Class A shares (as described in detail in Note 4). These shares were allocated to the previous owners of SDP based on their percentage of ownership on the date of sale. As of December 31, 2023, 14,620,270 Class A shares have been issued to SDP sellers and 4,541,730 Class A shares are yet to be issued.

Stock based compensation

The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods, and the exercise price of options granted under the Option Plan. The stock option vesting ranges over a 1 year to 10-year period.

The outstanding stock options as of December 31, 2023, are as follows:

Grant date	Exercise price	Number of options	Number of vested options	Weighted average remaining life (years)
June 8, 2021	$ 0.86	1,444,520	963,013	2.42
July 7, 2021	$ 1.39	250,000	166,666	2.63
December 6, 2021	$ 0.65	715,828	399,580	2.93
March 9, 2022	$ 0.54	230,000	46,000	3.19
July 18, 2022	$ 0.79	43,350	14,450	3.55
August 29, 2022	$ 0.69	66,666	22,222	3.66
February 10, 2023	$ 0.47	100,000	-	4.12
April 19, 2023	$ 0.30	275,000	-	4.30
May 24, 2023	$ 0.29	1,000,000	-	4.40
June 13, 2023	$ 0.25	250,000	-	4.45
July 24,2023	$ 0.29	750,000	-	4.57
August 16, 2023	$ 0.21	1,290,000	-	4.63
December 1, 2023	$ 0.27	150,000	-	4.92
Total	**$ 0.50**	**6,565,364**	**1,611,931**	**3.75**

A summary of the Company's changes to stock options are as follows:

	Number of options	Weighted average exercise price
Balance as at February 28, 2022	**4,277,032**	**$ 0.78**
Options exercised	(28,154)	$ 0.19
Options expired	(101,290)	$ (0.34)
Options issued	1,525,350	$ 0.12
Balance as at December 31, 2022	**5,672,938**	**$ 0.81**
Options exercised	(147,400)	$ 0.23
Options expired	(3,570,174)	$ (0.72)
Options issued	4,610,000	$ 0.25
Balance as at December 31, 2023	**6,565,364**	**$ 0.50**

The Company recognized $1,288,455 of stock-based compensation for the year ended December 31, 2023 ($1,278,915 for the ten-months ended December 31, 2022).

On January 19, 2022, the Company issued 150,000 options to an officer of the Company. The options are exercisable for a period of five years at an exercise price of $0.65 per option. The fair value of the options was estimated on the date of the grant at $0.63 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 192%; expected dividend yield of 0%; risk-free interest rate of 1.68%; stock price of $0.65; and expected life of 5 years.

On March 9, 2022, the Company issued 240,000 options to ten employees of SDP. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.54 per option. The fair value of the options was estimated on the date of the grant at $0.53 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 201%; expected dividend yield of 0%; risk-free interest rate of 1.50%; stock price of $0.54; and expected life of 5 years.

On April 13, 2022, the Company issued 236,700 options to an officer of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.78 per option. The fair value of the options was estimated on the date of the grant at $0.77 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 210%; expected dividend yield of 0%; risk-free interest rate of 1.54%; stock price of $0.78; and expected life of 5 years.

On April 26, 2022, the Company issued 350,000 options to two employees of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.90 per option. The fair value of the options was estimated on the date of the grant at $0.86 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 214%; expected dividend yield of 0%; risk-free interest rate of 2.58%; stock price of $0.87; and expected life of 5 years.

On July 18, 2022, the Company issued 100,000 options to one employee of SDP, 58,650 options to eleven employees of Simbex, and 150,000 options to two outside consultants of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.79 per option. The fair value of the options was estimated on the date of the grant at $0.78 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 214%; expected dividend yield of 0%; risk-free interest rate of 1.21%; stock price of $0.79; and expected life of 5 years.

On August 29, 2022, the Company issued 200,000 options to an officer of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.69 per option. The fair value of the options was estimated on the date of the grant at $0.67 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 209%; expected dividend yield of 0%; risk-free interest rate of 1.40%; stock price of $0.68; and expected life of 5 years.

On December 12, 2022, the Company issued 190,000 options to two employees of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.50 per option. The fair value of the options was estimated on the date of the grant at $0.49 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 204%; expected dividend yield of 0%; risk-free interest rate of 2.98%; stock price of $0.50; and expected life of 5 years.

On February 10, 2023, the Company issued 780,000 options to two officers and three employees of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.47 per option. The fair value of the options was estimated on the date of the grant at $0.46 per option using the Black- Scholes option pricing model with the following assumptions: expected volatility of 204%; expected dividend yield of 0%; risk-free interest rate of 3.17%; stock price of $0.47; and expected life of 5 years.

On April 19, 2023, the Company issued 350,000 options to four employees of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.30 per option. The fair value of the options was estimated on the date of the grant at $0.29 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 197%; expected dividend yield of 0%; risk-free interest rate of 3.14%; stock price of $0.30; and expected life of 5 years.

On May 24, 2023, the Company issued 1,000,000 options to one director of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.29 per option. The fair value of the options was estimated on the date of the grant at $0.28 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 197%; expected dividend yield of 0%; risk-free interest rate of 3.34%; stock price of $0.29; and expected life of 5 years.

On June 13, 2023, the Company issued 250,000 options to one officer of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.25 per option. The fair value of the options was estimated on the date of the grant at $0.24 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 196%; expected dividend yield of 0%; risk-free interest rate of 3.61%; stock price of $0.25; and expected life of 5 years.

On July 24, 2023, the Company issued 750,000 options to one officer of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.29 per option. The fair value of the options was estimated on the date of the grant at $0.28 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 197%; expected dividend yield of 0%; risk-free interest rate of 3.72%; stock price of $0.29; and expected life of 5 years.

On August 16, 2023, the Company issued 1,330,000 options to fifty-one employees of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.21 per option. The fair value of the options was estimated on the date of the grant at $0.20 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 196%; expected dividend yield of 0%; risk-free interest rate of 3.94%; stock price of $0.21; and expected life of 5 years.

On October 1, 2023, the Company issued 150,000 options to an employee of the Company. The options vest over three years and are exercisable for a period of five years at an exercise price of $0.27 per option. The fair value of the options was estimated on the date of the grant at $0.20 per option using the Black-Scholes option pricing model with the following assumptions: expected volatility of 218%; expected dividend yield of 0%; risk-free interest rate of 5.14%; stock price of $0.20; and expected life of 5 years.

The outstanding warrants as of December 31, 2023, are as follows:

Grant date		Exercise price	Number of warrants	Number of vested warrants	Remaining Life (years)
February 15, 2022	$	0.55	542,431	542,431	1.13
February 15, 2022	$	0.70	7,749,000	7,749,000	1.13
Total			8,291,431	8,291,431	1.13

A summary of the Company's warrants are as follows:

	Number of Warrants		Weighted Avg. Exercise Price
Balance as at February 28, 2022	**11,732,373**	**$**	**0.79**
Warrants issued as part of finance deal	-		
Broker warrants issued as part of finance deal	-		
Warrants exercised and forfeited	(3,241,138)	$	(0.09)
Balance as at December 31, 2022	**8,491,235**	**$**	**0.70**
Warrants issued as part of finance deal	-		
Broker warrants issued as part of finance deal	-		
Warrants exercised and forfeited	(199,804)	$	(0.86)
Balance as at December 31, 2023	**8,291,431**	**$**	**0.69**

14. Related party transactions

The Company's transactions with related parties were carried out on normal commercial terms and in the course of the Company's business. Other than disclosed in Part III of this annual report under the headings *Executive Compensation and Director Compensation* and as included elsewhere in the Company's consolidated financial statements, related party transactions are as follows.

During the year ended December 31, 2023 and the ten months ended December 31, 2022, we paid to Advanced Strategic Associates, LLC ("Advanced"), a company owned and controlled by a beneficial holder of more than 5% of our Common Shares, and Michael Dalsin individually, an amount for each period of $147,732 and $227,002, respectively. The consideration was for Advanced and Mr. Dalsin providing services related to acquisition structuring, due diligence, capital structuring, and corporate transactional advisory services. The amounts paid include both compensation and consulting costs.

During the year ended December 31, 2023 and the ten months ended December 31, 2022, we paid to Marquette Partners, Inc. ("Marquette"), a company owned and controlled by Roger Greene, a beneficial holder of more than 5% of our Common Shares, and Roger Greene individually an amount of $72,730 and $157,056, respectively. The consideration was for Marquette and Mr. Greene providing advisory services related to strategic business acquisitions. The amounts paid include both compensation and consulting costs.

During the year ended December 31, 2023 and the ten months ended December 2022, we paid to Hedgehog Financial Corporation ("Hedgehog"), a company owned and controlled by a relative of the Chairman of the Board and former Interim Chief Executive Officer, and an employee, an amount for each period of $0 and $78,876, respectively in consideration for Hedgehog providing services related to acquisitions, due diligence, accounting, finance and other corporate support services. Additionally, during the year ended December 31, 2023, the Company issued shares to the employee personally in connection with a settlement of liabilities valuing $199,095.

15. Transaction costs

The Company incurred costs associated with the change of business transaction, due diligence of acquisition targets, financing costs, US regulatory costs and the associated accounting and regulatory costs. While these costs are crucial to future operations, they do not represent regular operational costs of the business. The Company presents these costs separately in the non-operating section of the consolidated statements of operations and comprehensive loss to better allow investors to evaluate the operational status of the Company independently of financing, regulatory and other transaction focused expenses, which were as follows:

	For the year ended December 31, 2023	For the ten months ended December 31, 2022
Consulting and professional fees	$ 233,749	$ 1,645,028
General expenses	376,097	1,232,337
Transaction costs	**$ 609,846**	**$ 2,877,365**

16. Cash and cash equivalents

Cash represents bank deposits at reputable banking institutions. Cash equivalents represent short-term, highly liquid investments, which are readily convertible to cash and have maturities of 90 days or less at the time of purchase. Cash equivalents, which are carried at fair value or amortized cost, as applicable, consist of holdings in a money market fund and in treasury bills. As of December 31, 2023 and 2022, there are no cash equivalents presented on the balance sheet. Bank deposits are held by accredited financial institutions and these deposits may at times be in excess of insured limits. The Company limits its credit risk associated with cash and cash equivalents by placing them with financial institutions it believes are of high quality. The Company has not experienced any losses on its deposits of cash or cash equivalents as of December 31, 2023.

17. Income taxes

As of December 31, 2023, the Company has US non-capital loss carry-forwards of approximately $12,493,832 ($12,714,909 as of December 31, 2022), which can be used to reduce taxable income of future years. The benefit from the non-capital loss carry-forward balance has not been recorded in the consolidated financial statements. $459,000 of these losses expire from 2036 to 2037.

As of December 31, 2023, the Company has Canadian non-capital loss carry-forwards of approximately $6,978,719 ($4,300,831 as of December 31, 2022), which can be used to reduce taxable income of future years. The benefit from the non-capital loss carry-forward balance has not been recorded in the consolidated financial statements. These losses expire from 2032 to 2043.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A full valuation allowance is established against all net deferred tax assets as of December 31, 2023 and December 31, 2022, based on estimates of recoverability. While the Company has optimistic plans for its business strategy, it determined that such a valuation allowance was necessary given the current and expected near term losses and the uncertainty with respect to its ability to generate sufficient profits from its business model.

The following table summarizes the components of deferred tax:

Deferred Tax Assets	**December 31, 2023**	**December 31, 2022**
Operating Lease Liabilities	$ 2,111,444	$ 1,775,952
Finance costs	666,535	165,922
Reserves	46,349	41,787
Operating tax losses carried forward - US	3,173,434	3,148,084
Operating tax losses carried forward - Canada	1,884,254	1,161,224
Intangible assets	1,061,471	(570,642)
Other	-	451
Valuation Allowance	(5,704,059)	(2,857,799)
Subtotal of Assets	**$ 3,239,428**	**$ 2,864,979**
Deferred Tax Liabilities		
Property, plant and equipment	$ (789,899)	$ (841,841)
Right of use assets	(2,449,529)	(2,023,138)
Subtotal of Liabilities	**$ (3,239,428)**	**$ (2,864,979)**
Net deferred tax liability	**$ -**	**$ -**
Movement in net deferred tax liabilities:		
Balance at the beginning of the period / year	$ -	$ (1,755,889)
Recognized in profit/loss	-	3,176,134
Goodwill	-	(1,420,245)
Balance at the end of the period / year	**$ -**	**$ -**

The Company's provision for (recovery of) income taxes differs from the amount that is computed by applying the combined Federal and state statutory income tax rate of 27.00% for the twelve months ended December 31, 2023 and 26.00% for the ten months ended December 31, 2022 in the U.S. to the Company's net loss before income taxes as follows:

	December 31, 2023	December 31, 2022
Net Loss before recovery of income taxes	$ (15,545,846)	$ (19,030,581)
Expected income tax (recovery)	(4,197,378)	(4,947,951)
Tax rate changes and other adjustments	(22,892)	(60,726)
Share based compensation and non-deductible expenses	2,026,880	3,644,410
Adjustments in respect of prior periods	(652,869)	(620,011)
State taxes	57,069	-
Utilization of losses not previously recognized	-	(1,755,889)
Change in tax benefits not recognized	2,846,259	605,991
Income tax (recovery)	**$ 57,069**	**$ (3,134,176)**
The Company's income tax (recovery) is allocated as follows:		
Current tax (recovery) expense	$ 57,069	$ 41,958
Deferred tax (recovery) expense	-	(3,176,134)
	$ 57,069	**$ (3,134,176)**

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

18. Contingencies

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

The Company does not have any unrecorded commitments or contingencies.

19. Subsequent events

On January 15, 2024, the Company entered into and completed a divestiture of Arrowhead pursuant to a membership interest purchase agreement with the former owner ("Arrowhead Purchaser") providing for the acquisition of all of the ownership interests of Arrowhead by the Arrowhead Purchaser. Pursuant to this divestiture, the Arrowhead Purchaser (i) assumed US$0.4 million of Arrowhead's debt; (ii) made a cash payment of US$0.2 million to the Company; (iii) relinquished its rights to 1,000,000 Class A shares of the Company; and (iv) relinquished any and all rights between the parties related to the original Stock purchase agreement including any obligations associated with the earnout shares thereunder.

In March of 2024, the Management made the decision to wind-down the operations of Mio-Guard. The Company engaged the services of a strategic advisor to assist in the orderly wind-down of Mio-Guard, and this process commenced in March of 2024.

On March 14, 2024, 842,000 Class A shares were exchanged for 842,000 common shares in the Company at a price of $0.21 per share. No cash was received as part of this issuance.

On April 2, 2024, the Company entered into and completed a divestiture of Simbex pursuant to a membership interest purchase agreement with the acquiring company ("Simbex Purchaser") providing for the acquisition of all ownership interests of Simbex by the Simbex Purchaser. Pursuant to this divestiture, the Simbex Purchaser (i) acquired all right, title and interest in Simbex; (ii) made a cash payment to two debtors of the Company including Pathward, National Association and Mirion Technologies (US) Inc. (refer to note 11) for US$824,441 and US$2,115,559, respectively; and (iii) made a cash payment to the Company in the amount of US$610,000.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report, management performed, with the participation of our principal executive and financial officer, an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's forms, and that such information is accumulated and communicated to our management, including our principal executive and financial officer, to allow timely decisions regarding required disclosures.

Based upon this evaluation, our Chief Executive Officer has concluded that, as of December 31, 2023, our disclosure controls and procedures (a) are ineffective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is timely recorded, processed, summarized and reported and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosure.

Deficiencies existed in the design or operation of our disclosure controls and procedures due to the rapid growth through acquisition which has made it impractical to implement and evaluate disclosure controls quickly enough at newly acquired operations. The Company continues to evaluate and implement procedures as deemed appropriate to remediate these deficiencies.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). The Company's management, under the supervision and with the participation of our principal executive and financial officer, evaluated the effectiveness of the Company's internal control over financial reporting as of the end of the period covered by this report. The Company's management evaluation the internal control over financial reporting was based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls system are met. Because of the inherent limitations in all controls systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Under the supervision and with the participation of management, we assessed the effectiveness of our internal control over financial reporting based on the criteria in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Company's evaluation under the criteria in Internal Control - Integrated Framework (2013), we concluded that our internal control over financial reporting was not effective as of December 31, 2023 based on such criteria.

Deficiencies existed in the design or operation of our internal control over financial reporting that adversely affected our internal controls. The rapid growth through acquisition has made it impractical to implement and evaluate internal controls quickly enough at newly acquired operations, and as a result, there is a lack of segregation of duties throughout our accounting group as a result of our limited resources and staff, and the lack of written documentation of our internal control policies and procedures.

The Company continues to evaluate and implement procedures as deemed appropriate to remediate these weaknesses. In addition, the Company intends to undertake the remediation measures, to include updating the documentation of its internal control processes, including formal risk assessment of its financial reporting processes; and the implementation of procedures pursuant to which the Company can ensure segregation of duties and hire additional resources to ensure appropriate review and oversight.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following table sets forth the individuals who are our directors and executive officers and their respective positions as of March 31, 2024.

Name	Age	Position
Michael Seckler	58	Chief Executive Officer and Director
Kenneth Kashkin, M.D.	73	Director; Chairman of the Board
Lana Newishy	47	Director; Vice Chair of the Board
Wayne Anderson	72	Director
Bill Garbarini	54	Director

Michael Seckler - Chief Executive Officer and Director of the Company

Michael Seckler was appointed Interim Chief Executive Officer of the Company effective as of June 13, 2023, and was appointed Chief Executive Officer and Director on July 24, 2023. From October 2022 through May 2023, Mr. Seckler served as Chief Operating Officer, and from January 2020 through September 2022, Mr. Seckler served as Senior Vice President, of FerGene, a gene therapy company affiliated with Ferring International Center, SA, a Swiss multinational biopharmaceutical company ("Ferring"). From January 2017 through December 2019, Mr. Seckler was Vice President of Global Marketing and Corporate Communications at Ferring. He currently serves on the Board of Directors of K2 Biotechnology and has previously served on the Boards of Glypharma Inc. Mr. Seckler holds a Bachelor in Science and Masters of Business Administration from The Pennsylvania State University.

Kenneth Kashkin, M.D. - Director; Chairman of the Board

Kenneth Kashkin. M.D. has been a director of the Company since September 2020. In March 2024, Dr. Kashkin was appointed Chairman of the Board. Dr. Kashkin trained and served on the faculties of the University of California, Los Angeles (UCLA) and Yale University School of Medicine followed by a career as a healthcare business senior executive and biotechnology investor. In 2017, Dr. Kashkin co-founded K2 Biotechnology Ventures, engaged in developing and commercializing portfolios of university and medical center innovations in partnership with venture capital, health care corporations and philanthropic health care foundation partners. From 2014 to 2020, Dr. Kashkin served as the Chief Operating Officer and Head of Therapeutics for Chromocell Corporation where he coordinated a series of organizational changes to improve cost structures as well as oversaw the negotiation of key license and research agreements for emerging therapeutics. From 2011 to 2014, Dr. Kashkin served as the President & CEO of Catholic Health Initiatives (CHI, now CommonSpirit Health), Institute for Research and Innovation (CIRI) where he was responsible for CHI's Centers for Translational Research, Clinical Research, Healthcare Innovation (Venture Arm of CHI). Prior to that, from 2008 to 2011, Dr. Kashkin held the position of Vice President, Research & Development, Intravenous Therapies (IVT) at Baxter Healthcare Corporation. From 2002-2008 Dr Kashkin was an executive at Ferring Pharmaceuticals serving as Senior Vice President, Global Clinical R&D and Chief Medical Officer. He served as Executive Vice President and Chief Medical Officer of Genaissance Pharmaceuticals from 2000-2002 and was key to their successful IPO. From 1997-2000 he was Vice President, R&D Clinical Development and Medical Affairs at Knoll Pharmaceutical Company/BASF Pharma where he was responsible for the successful FDA NDA submission of Humira, the most successful biological in the history of the Pharmaceutical Industry. He was Director, Pharmaceutical Ventures at Abbott Laboratories 1992-1997. He began his industry career in the CND Division of Bayer AG in 1990. Dr. Kashkin's experience as a professor at Yale University and UCLA School of Medicine and leadership of R&D life science companies commercializing novel medical technologies make him an expert board member in evaluating the value of proposed acquisition targets and their portfolios of medical products. Dr. Kashkin's years of expertise in the financial management of health sciences organization operations benefit the Company.

Lana Newishy - Director; Vice Chair of the Board

Lana Newishy has been a director of the company and Vice chairman of the board since May 2023. Ms. Newishy is a senior executive with over 20 years of cross-functional leadership experience in transformation, operations, strategy and finance with Fortune 500 companies. Her expertise extends to collaborating with top-notch consulting and M&A firms, where she's worked on transformation and acquisition or divestment deals and has had her own practice in the field. Lana is also an accomplished entrepreneur, having launched and operated two startups, and has a passion for the not-for-profit world where she served as a COO of a global organization. Outside of her career, Lana enjoys mentoring entrepreneurs at different stages of their business lifecycle and participating in the Alumnae Network for Harvard Women as a steering committee member. Ms. Newishy holds an MBA from Harvard Business School.

Wayne Anderson - Director

Wayne Anderson was appointed as a director of the Company in February 2024. From May 1998 to December 2013, Mr. Anderson served as the President/CEO of Ferring Pharmaceuticals, a Swiss based multi-national manufacturer of peptide pharmaceuticals focusing on infertility, urology, female health and gastroenterology. Prior to this, Mr. Anderson served in senior roles at Schering-Plough and Biotransplant. Mr. Anderson holds a Bachelor of Science from Ohio University and an MBA from the University of Cincinnati.

Bill Garbarini - Director

Bill Garbarini was appointed as a director of the Company in February 2024. In 2018, Mr. Garbarini was the founding employee and Chief of Global Clinical and Commercial Operations of TMRW Life Sciences Inc., a company dedicated to serving the IVF market with the first robotic, automated system to store vitrified embryos, eggs and sperm. In 2022, he became a founding employee and Chief Operating Officer of Conceivable Life Sciences Inc. Conceivable is creating the first fully automated and robotic embryology system for the IVF laboratory. Mr. Garbarini is the former Chief Operating Officer of Reproductive Medicine Associates of New Jersey, where he helped consummate a transaction in 2017 that created the largest IVF network in the world, IVI/RMA. Mr. Garbarini holds a Bachelor of Arts from The College of New Jersey, and a Masters in Business Administration from Fairleigh Dickinson University.

The Articles of the Company (the "Articles") filed under the British Columbia Business Corporations Act, as amended, including the regulations promulgated thereunder (the "BCBCA"), provide that our Board of Directors shall consist of at least three directors and that each director shall hold office until the close of the next annual general meeting of our shareholders, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. Our Board of Directors currently consists of five directors, of whom three are considered to be independent persons. *See Item 13-"Certain Relationships and Related Transactions*, and *Director Independence - Director Independence"* for details on the independence of our directors. The Articles provide that the directors may, from time to time, appoint such officers as the directors determine. The directors may, at any time, terminate any such appointment.

Conflicts of Interest

Certain of our directors and officers will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. Our independent members of the Board will review any such transactions and report to the Audit Committee of the Board.

The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Significant Employees

There are no other significant employees than those already discussed herein.

Family Relationships

There are no family relationships among the directors or executive officers of the Company.

Arrangements between Officers and Directors

To the Company's knowledge, there are no arrangements or understandings between any of our officers or directors and any other person pursuant to which such officer or director was selected to serve as an officer or director of the Company.

Corporate Governance

Director Independence - The directors have determined that Dr. Kenneth Kashkin, Wayne Anderson and Bill Garbarini, three of our five current members of the Board, are independent as such term is defined in Canada's National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and in Rule 5605 of the Nasdaq Stock Market.

Board Leadership - The Board operates through the leadership of a Chairman and three committees of the Board, each made up of a majority of independent directors.

Position Descriptions - The Board has not adopted a written description for the Chairman of the Board and the Chairman of each Board committee. The Chairman of the Board is responsible for the administration, development and efficient operation of the Board. The Chairman assists in overseeing the operational aspects involved in managing the Company. In addition, the Chairman ensures that the Board adequately discharges its mandate and that the Board's responsibilities and lines of delineation between the Board and management are well understood by the directors. The Chairman of each committee is appointed to manage his or her respective committee. Each committee Chairman must ensure that the committee adequately discharges its mandate pursuant to its charter. Committee Chairmen must report regularly to the Board on the business of their committee. The Board has not developed a written position description for the Chief Executive Officer. The Board expects the Chief Executive Officer and the Company's senior management team to be responsible for the management of the Company's strategic and operational agenda and for the execution of the decisions of the Board and its committees.

Orientation and Continuing Education - While the Company does not currently have a formal orientation and education program for new members of the Board, the Company provides such orientation and education on an ad hoc and informal basis. The Board is responsible for coordinating the continuing education programs for directors in order to maintain or enhance their skills and abilities as directors, as well as ensuring that their knowledge and understanding of the Company and its business remains current. Directors are encouraged to communicate with management, auditors and technical consultants; and to keep themselves current with industry trends and developments and changes in legislation with management's assistance. Directors have full access to the Company's records.

Ethical Business Conduct - The directors maintain that the Company must conduct and be seen to conduct its business dealings in accordance with all applicable laws and the highest ethical standards. The Company's reputation for honesty and integrity amongst its shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings. Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Company must abstain from discussion and voting by the Board or any committee of the Board on any motion to recommend or approve the relevant agreement or transaction. The Board must comply with the conflict of interest provisions of the BCBCA.

Assessments - The Board, in consultation with the Chairman of the Board, is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board, the Board committees and individual directors, with a view to ensuring that they are fulfilling their respective responsibilities and duties and working effectively together as a unit. The Board informally monitors director performance throughout the year (noting particularly any directors who have had a change in their primary job responsibilities or who have assumed additional directorships since their last assessment) to ensure that the Board, the Board committees and individual directors are performing effectively. From time to time the Board may also choose to complete a formal assessment process consisting of completion of a written survey by each member of the Board, on request, conducting one-on-one discussions in order to assess such matters as the composition of the Board, the conduct of and agendas for meetings of the Board and its committees, and the role and impact of the Board. The results of such surveys and interviews will then be summarized to identify strengths, opportunities and further suggestions with respect to each area of discussion and the Chairman of the Board is to report on such a summary to the rest of the Board.

Term of Office - Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our Board and hold office until removed by the Board.

Board Committees

Audit Committee - Canada's National Instrument 52-110 - *Audit Committees* ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor. The Company's Audit Committee is governed by an audit committee charter and is comprised of three directors, Dr. Kenneth Kashkin, Wayne Anderson and Bill Garbarini. Each member of the Audit Committee is financially literate, as such term is defined in NI 52-110, and each is independent, as such term is defined in NI 52-110 and in the BCBCA. Wayne Anderson serves as Chairman of the Audit Committee. The Audit Committee was established on September 16, 2020. As a "venture issuer" as defined in NI 52-110 the Company is relying on the exemption contained in Section 6.1 of NI 52- 110, which exempts the Company from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Corporate Governance and Nominating Committee - The Corporate Governance & Nominating Committee was dissolved on August 11, 2023.

Compensation Committee - The members of the Compensation Committee are: Kenneth Kashkin, MD (Chairman) and Lana Newishy. Kenneth Kashkin, MD is independent, as such term is defined in NI 52-110. The Board has adopted a written charter for the Compensation Committee setting out its responsibilities for compensation matters. The Compensation Committee was established on September 16, 2020. It is responsible for administering the Company's executive compensation program, which, prior to its establishment, was previously administered by the Board.

The Compensation Committee assists the Board in discharging the directors' oversight responsibilities relating to the compensation and retention of key senior management employees, and in particular the Chief Executive Officer. In determining the total compensation of any member of senior management, the Compensation Committee will consider all elements of compensation in total rather than one element in isolation. The Compensation Committee is also responsible for examining the competitive positioning of total compensation and the mix of fixed, incentive and share-based compensation.

Pursuant to the charter of the Compensation Committee, the Compensation Committee is responsible for assisting the Board in fulfilling its oversight responsibilities with respect to: setting policies for senior officers' compensation; reviewing and approving and then recommending to the Board salary, bonus, and other benefits, direct or indirect, and any change-of-control packages of the Chief Executive Officer; considering the recommendations of the Chief Executive Officer and setting the terms and conditions of employment including, approving the salary, bonus, and other benefits, direct or indirect, and any change-of-control packages, of the key executives of the Company; undertaking an annual review of the Chief Executive Officer goals for the coming year and reviewing progress in achieving those goals; reviewing compensation of the Board on at least an annual basis; overseeing the administration of the Company's compensation plans, including stock option plans, compensation plans for outside directors, and such other compensation plans or structures as are adopted by the Company from time to time; reviewing and approving executive compensation disclosure to be made in the proxy circular prepared in connection with each annual meeting of shareholders of the Company; and undertaking on behalf of the Board such other compensation initiatives as may be necessary or desirable to contribute to the success of the Company and enhance shareholder value.

Shareholder Communications to the Board

Shareholders who are interested in communicating directly with members of the Board, or the Board as a group, may do so by writing directly to the individual Board member c/o Secretary, Evome Medical Technologies Inc., 49 Natcom Drive, Shirley, NY 11967. The Company's Secretary will forward communications directly to the appropriate Board member. If the correspondence is not addressed to the particular member, the communication will be forwarded to a Board member to bring to the attention of the Board. The Company's Secretary will review all communications before forwarding them to the appropriate Board member.

ITEM 11. EXECUTIVE COMPENSATION.

Set forth below is the information regarding the compensation paid, distributed or accrued by us for the twelve months ended December 31, 2023 and the ten months ended December 31, 2022 to every individual who served as Chief Executive Officer (principal executive officer) during the fiscal year ended December 31, 2023 (Messrs. Seckler and Faulstick), the two other most highly compensated executive officers serving at the end of the twelve month period ended December 31, 2023 (Ms. Vakhitova), and up to two additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer of the Company at the end of the twelve month period ended December 31, 2023 (Mr. Nelson) and whose compensation exceeded $100,000 (the "Named Executive Officers"). This section provides information in accordance with the scaled SEC disclosure rules available to "smaller reporting companies" and "emerging growth companies."

Summary Compensation Table

Name and principal position	Period	Salary ($)	Option Awards[1] ($)	All Other Compensation ($)	Total Compensation ($)
Michael Seckler ***Chief Executive Officer*** *(2)*	Fiscal year ended December 31, 2023	100,758	273,047	-	373,047
Natalia Vakhitova, *Former Chief Financial Officer* *(3)*	Fiscal year ended December 31, 2023	39,931	-	1,597*(7)*	39,931
Dennis Nelson *Former Chief Financial Officer* *(4)*	Fiscal year ended December 31, 2023	264,740	92,000	-	356,740
	Ten months ended December 31, 2022	126,530	133,458	-	259,988
Luke Faulstick *Former Chief Executive Officer* *(5)*	Fiscal year ended December 31, 2023	122,067	-	11,922	133,989
	Ten months ended December 31, 2022	331,403	181,371	32,044 *(6)*	544,818

Notes:

(1) The amounts reported in this column reflect aggregate grant date fair value computed in accordance with ASC Topic 718, Compensation-Stock Compensation, using the Black-Scholes options pricing model. For more detail on the assumptions used in the calculation of these amounts, see Note 13 to our consolidated financial statements for the year ended December 31, 2023, and transition period December 31, 2022, which are included elsewhere in this Annual Report.

(2) Mr. Seckler was appointed Interim Chief Executive Officer of the Company effective as of June 13, 2023, and was appointed Chief Executive Officer and Director on July 24, 2023. Mr. Seckler receives no additional compensation for serving as a director.

(3) Ms. Vakhitova was appointed as Chief Financial Officer on October 18, 2023 and resigned as Chief Financial Officer on January 22, 2024.

(4) Mr. Nelson was appointed Chief Financial Officer, Principal Accounting Officer and Treasurer on August 29, 2022 and resigned those positions and ended his employment with the Company on October 17, 2023.

(5) Mr. Faulstick's employment and positions as President and Chief Executive Officer terminated on June 13, 2023.

(6) Other compensation includes $4,708 of employer 401(k) contributions, $281 of employer paid dental insurance premiums, $6,466 of employer paid health insurance premiums, $251 of short-term disability insurance premiums, and $216 of employer paid group life insurance premiums.

(7) Other compensation includes $1,597 of employer 401(k) contributions.

Executive Compensation

Overview

During the fiscal year ended December 31, 2023, and the ten-month transition period ended December 31, 2022, the Company's executive compensation program was administered by the Board and the Compensation Committee. The Compensation Committee was established, and its charter adopted on September 16, 2020. The Company's executive compensation program has the objective of attracting and retaining a qualified and cohesive group of executives, motivating team performance and the aligning of the interests of executives with the interests of shareholders through a package of compensation that is simple and easy to understand and implement. Compensation under the program was designed to achieve both current and longer-term goals of the Company and to optimize returns to shareholders. In addition, in order to further align the interests of executives with the interests of shareholders, the Company has implemented share ownership incentives through the grant of stock options.

In determining the total compensation of any member of senior management, the directors of the Company consider all elements of compensation in total rather than one element in isolation. The directors of the Company also examine the competitive positioning of total compensation and the mix of fixed, incentive and share-based compensation.

Base Salary

While there is no official set of benchmarks that the Company relies on and there is not a defined list of issuers that the Company uses as a benchmark, the Company makes itself aware of, and is cognizant of, how comparable issuers in its business compensate their executives. The base salary for each executive officer is reviewed and established near the end of the fiscal year. Base salaries are established taking into consideration the executive officer's personal performance and seniority, comparability within industry norms, and contribution to the Company's growth and profitability. The Company believes that a competitive base salary is an imperative element of any compensation program that is designed to attract talented and experienced executives.

Bonus Framework

At the discretion of the Board, and, if applicable, at the recommendation of management, executives are provided with annual cash incentive bonuses based on annual financial performance. Also at its discretion, the Board may tie annual cash bonuses to the achievement of other financial and non-financial goals.

Group Benefits

The Company offers a group benefits plan, which includes medical benefits. The benefits plan is available to all full-time employees who choose to enroll, including officers of the Company.

Perquisites and Personal Benefits

While the Company reimburses its Named Executive Officers for expenses incurred in the course of performing their duties as executive officers of the Company, the Company did not provide any compensation that would be considered a perquisite or personal benefit to its Named Executive Officers.

Option-Based Awards

An important part of the Company's compensation program is to offer the opportunity and incentive for executives and staff to own the Company's common shares. The directors of the Company believe that ownership of the Company's shares will align the interests of executives and future staff with the interests of shareholders.

Stock options are not granted on a regular schedule but rather as the compensation is reviewed by the directors of the Company from time to time. When reviewing stock option grants, consideration is given to the total compensation package of the executives and staff and a weighting of appropriate incentives groupings at the senior, mid and junior levels of the staff, including past grants. At the time of any stock option grant, consideration is also given to the available stock option pool remaining for new positions being contemplated by the Company.

Stock options may be granted under the 2023 Equity Incentive Plan, approved by the shareholders at the Company's Annual General and Special Shareholders Meeting held on August 11, 2023 (the "2023 Option Plan"). Pursuant to the 2023 Option Plan, the Board may from time to time, in its discretion and in accordance with the TSXV requirements, grant to directors, officers and employees of the Company as well as "*Management Company Employees*" and "*Consultants*" (as such terms are defined in Policy 4.4 of the TSXV, as amended from time to time), non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 11,208,470 common shares unless disinterested shareholder approval is obtained, exercisable for a period of up to ten (10) years from the date of the grant. The number of common shares reserved for issuance to any individual director or officer of the Company will not exceed 5% of the issued and outstanding common shares (2% in the case of optionees providing investor relations services to the Company) unless disinterested shareholder approval is obtained. Options granted pursuant to the 2023 Option Plan are non-assignable, except by means of a will or pursuant to the laws of descent and distribution.

Under the 2023 Plan, the options may be exercised no later than 90 days following the date the optionee ceases to be a director, officer or consultant of the Company. However, if the employment of an employee or consultant is terminated for cause or as a result of an order of any regulatory body, no option held by such optionee may be exercised following the date upon which termination occurred.

The Company has granted stock options to its Named Executive Officers, as follows:

On August 29, 2022, the Company granted 200,000 options to purchase common shares to Dennis Nelson following his appointment as Chief Financial Officer of the Company.

On June 13, 2023, the Company granted 250,000 options to purchase common shares to Michael Seckler following his appointment as Interim Chief Executive Officer.

On July 24, 2023, the Company granted 750,000 options to purchase common shares to Michael Seckler following his appointment as Chief Executive Officer.

Employment Agreements

The Company does not have any employment or consulting agreements with any Named Executive Officers.

Outstanding Equity Awards at Fiscal Year-End

The following table presents information regarding outstanding equity awards held by our Named Executive Officers as of December 31, 2023.

	Option Awards			
Name	**Number of securities underlying unexercised options (#) exercisable (1)**	**Number of securities underlying unexercised options (#) unexercisable (2)**	**Option exercise price ($)**	**Option expiration date**
Michael Seckler	-	250,000	$0.25	June 13, 2033
	-	750,000	$0.29	July 24, 2033
Natalia Vakhitova	-	-	-	-
Dennis Nelson	66,667	-	$0.69	August 29, 2027

Notes:

(1) These amounts reflect the number of shares underlying the stock options that are vested and exercisable pursuant to the options granted on August 29, 2022 and February 10, 2023 to Mr. Nelson.

(2) These amounts reflect the number of shares underlying the stock options that are not vested and not exercisable which were granted on June 13, 2023 and July 24, 2023 to Mr. Seckler, and on August 29, 2022 and February 10, 2023 to Mr. Nelson. One-third of the original options vest on the following dates: Mr. Nelson's 2022 options: August 29, 2023; and Mr. Seckler's June 2023 options: June 13, 2024, June 13, 2025, and June 13, 2026; Mr. Seckler's July 2023 options: July 24, 2024, July 24, 2025 and July 24, 2026.

Pension Plan Benefits

The Company does not have a pension plan, defined benefit plan, defined contribution plan or deferred compensation plan that provides for payments or benefits to the Officers at, following, or in connection with retirement.

Termination and Change of Control Benefits

As of December 31, 2023, the Company had not entered into any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a Named Executive Officer's responsibilities.

Director Compensation

In September 2022, the Board of Directors approved the payment of $2,500 per month in directors fees to the Company's directors who are not employed or engaged as consultants by the Company. The Company typically compensates directors for services rendered in a combination of cash payments and by granting stock options to purchase the Company's common shares.

The following table sets forth all compensation provided to each of the directors of the Company for the fiscal year ended December 31, 2023:

Name	Fees earned or paid in cash ($)	Share-based awards ($)	Option awards[1] ($)	Non-equity incentive plan compensation ($)	All other compensation ($)	Total ($)
Kenneth Kashkin[2]	30,000	-	-	-	-	30,000
Lana Newishy[3]	39,712	-	282,789	-	-	322,501
Kyle Wilks[4]	30,000	-	-	-	-	-
Les Cross[5]	-	-	-	-	-	-

Notes:

(1) As of December 31, 2022, (i) Dr. Kashkin had 228,470 stock options outstanding (grant date fair values: June 2021 grant: $135,407), (ii) Ms. Newishy had 1,000,000 stock options outstanding (grant date fair values: May 2023 grant: $282,789)

(2) Mr. Kashkin was appointed as a director of the Company on September 16, 2020.

(3) Ms. Newishy was appointed as a director of the Company on May 24, 2023. Ms. Newishy was paid a fixed fee of $16,667 per month for consulting services pursuant to a consulting agreement, dated May 24, 2023. The consulting agreement was amended effective August 2023 to provide that she would be compensated for her consulting services at an agreed hourly rate.

(4) Mr. Wilks resigned as a director of the Company on January 10, 2024.

(5) Mr. Cross resigned as a director of the Company on January 17, 2024.

Pension Plan Benefits for Directors

The Company does not have a pension plan, defined benefit plan, defined contribution plan or deferred compensation plan that provides for payments or benefits to the directors at, following, or in connection with retirement.

Equity Compensation Plan Information

On August 11, 2023, the Company adopted the 2023 Equity Incentive Plan (the "2023 Option Plan"), which provides that the number of common shares reserved for issuance will not exceed 11,208,470 common shares.

The granting of awards under the 2023 Option Plan is intended to promote our interests and our shareholders' interest by aiding us in attracting and retaining persons capable of assuring our future success, to offer such persons incentives to put forth maximum efforts for the success of our business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in Salona, thereby aligning the interests of such persons with our shareholders. Eligible participants under the 2023 Option Plan include non-employee directors, officers (including the named executive officers), employees, consultants, independent contractors and advisors of Salona and its subsidiaries. The 2023 Option Plan is administered by the Compensation Committee, or such other committee appointed by our board of directors.

Pursuant to the 2023 Option Plan, we may issue equity-based compensation (denominated in common shares) in the form of stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance shares, performance units and dividend equivalent awards to eligible participants. The Compensation Committee or its permitted delegates has the power and discretionary authority to determine the amount, terms and conditions of the 2023 Option Plan awards, including, without limitation, (i) the exercise price of any stock options or stock appreciation rights, (ii) the method of payment for shares purchased pursuant to any award, (iii) the method for satisfying any tax withholding obligation arising in connection with any award, including by net exercise or the withholding or delivery of shares, (iv) the timing, terms and conditions of the exercisability, vesting or payout of any award or any shares acquired pursuant thereto, (v) the performance criteria, if any, applicable to any award and the extent to which such performance criteria have been attained, (vi) the time of the expiration of any award, (vii) the effect of the participant's termination of service on any of the foregoing, and (viii) all other terms, conditions and restrictions applicable to any award or shares acquired pursuant thereto as our Board of Directors shall consider to be appropriate and not inconsistent with the terms of the 2023 Option Plan.

The following table sets forth securities authorized for issuance under the 2023 Option Plan as of December 31, 2023.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights		Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	14,856,795	$	0.61	4,643,106
Equity compensation plans not approved by security holders	-		-	-
Total	14,856,795	$	0.61	4,643,106

There are no assurances that the Company Options described above will be exercised in whole or in part. There are no options outstanding or being granted to insiders other than as detailed above.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth information with respect to the beneficial ownership of our common shares as of March 31, 2024:

- each of our executive officers and directors;
- all of our executive officers and directors as a group; and
- each person known to us to own beneficially more than 5% of our common shares.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days of the date of this Annual Report. Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all common shares beneficially owned by them. The percentage ownership of each individual or entity is based on 57,833,591 common shares outstanding as of March 31, 2024. Unless otherwise indicated, the address for each director and executive officer is c/o Evome Medical Technologies Inc., 49 Natcon Drive, Shirley, NY 11967.

Name and Address of Beneficial Owner	**Amount and nature of beneficial ownership**	**Percent of Class%**
Directors, Executive Officers		
Michael Seckler, Chief Executive Officer	83,333 (1)	*
Lana Newishy, Vice Chair and Director	333,333 (2)	*
Luke Faulstick, Former Chief Executive Officer	368,500 (3)	*
Dennis Nelson, Former Chief Financial Officer	66,667	*
Kenneth Kashkin, MD, Director	275,940 (4)	*
Wayne Anderson, Director	-	-
Bill Garbarini, Director	-	-
All Directors and Executive Officers as a Group (5 Individuals)	**692,606**	**1%**
Five Percent Holders:		
GundyCo. TR MMCAP International Inc. SPC 199 Bay Street Toronto, ON M5L 1G9	3,635,000	6%
Michael Dalsin	5,347,227 (5)	9.74%
Roger Greene	4,955,746 (6)	9.05%

Notes:

* Less than 1%

(1) Includes options for 83,333 Common Shares which are exercisable or will be exercisable in 60 days.

(2) Includes options for 333,333 Common Shares which are exercisable or will be exercisable in 60 days.

(3) Includes 20,841 Common Shares that are presently issuable upon conversion of 20,841 shares of Class A Common Stock, but excludes 5,546,275 Common Shares that would be issuable on conversion of an additional 5,546,275 shares of Class A Common Stock, but are subject to a limit on conversion if the holder owns more than 368,500 Common Shares at any given time. Mr. Faulstick is a 50% owner of GAP Partners which owns these Class A Common Shares and he is attributed with 50% of the Class A Common Shares owned by GAP Partners.

(4) Includes options for 228,470 Common Shares which are exercisable or will become exercisable in 60 days.

(5) Includes 755,425 Common Shares that are presently issuable upon conversion of 755,425 shares of Class A Common Stock.

(6) Includes 600,000 Common Shares that are presently issuable upon conversion of 600,000 shares of Class A Common Stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

During the course of our fiscal years ended December 31, 2023 and December 31, 2022 (the "Two Fiscal Year Period"), other than employment and executive and director compensation matters described under "Executive Compensation" and "Director Compensation" and the transactions described below, there have been no related party transactions.

Transactions with Related Persons

During the year ended December 31, 2023 and the ten months ended December 31, 2022, we paid to Advanced Strategic Associates, LLC ("Advanced"), a company owned and controlled by a beneficial holder of more than 5% of our Common Shares, and Michael Dalsin individually, an amount for each period of $147,732 and $227,002, respectively. The consideration was for Advanced and Mr. Dalsin providing services related to acquisition structuring, due diligence, capital structuring, and corporate transactional advisory services. The amounts paid include both compensation and consulting costs.

During the year ended December 31, 2023 and the ten months ended December 31, 2022, we paid to Marquette Partners, Inc. ("Marquette"), a company owned and controlled by Roger Greene, a beneficial holder of more than 5% of our Common Shares, and Roger Greene individually an amount of $72,730 and $157,056, respectively. The consideration was for Marquette and Mr. Greene providing advisory services related to strategic business acquisitions. The amounts paid include both compensation and consulting costs.

During the year ended December 31, 2023 and the ten months ended December 2022, we paid to Hedgehog Financial Corporation ("Hedgehog"), a company owned and controlled by a relative of the Chairman of the Board and former Interim Chief Executive Officer, and an employee, an amount for each period of $0 and $78,876, respectively in consideration for Hedgehog providing services related to acquisitions, due diligence, accounting, finance and other corporate support services. Additionally, during the year ended December 31, 2023, the Company issued shares to the employee personally in connection with a settlement of liabilities valuing $199,095.

Conflicts of Interest

There are potential conflicts of interest to which our directors and executive officers may be subject in connection with the operations of the Company. In particular, certain of the directors and executive officers may be involved in managerial or director positions with issuers or businesses whose operations may, from time to time, be in direct competition with those of the Company or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Company.

Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

SRCO Professional Corporation, an independent registered public accounting firm ("SRCO"), billed the Company the following fees for the twelve month period ended December 31, 2023 and for the ten month period ended December 31, 2022:

	For the Twelve Months Ended December 31, 2023	For the Ten Months Ended December 31, 2022
Audit fees[(1)]	$ 178,551	$ 87,765
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
Total fees	$ 178,551	$ 87,765

(1) Audit Fees - These are fees for professional services performed by SRCO in connection with the audit of annual financial statements of the Company and its subsidiaries. This category also includes reviews of registration statements and services normally provided in connection with statutory and regulatory filings or engagements.

These services are actively monitored (as to both spending level and work content) by the Audit Committee to maintain the appropriate objectivity and independence in SRCO's core work, which is the audit of the Company's consolidated financial statement. The Audit Committee pre-approves each engagement of the Company's principal accountants for audit and non-audit related services and associated projected fees in advance of such engagement.

Services Provided by SRCO

All services rendered by SRCO are permissible under applicable laws and regulations and were pre-approved by the Audit Committee, or by the Chairman of the Audit Committee by delegated authority as required by law. The fees paid to SRCO for services are described in the above table.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial Statements

See Part II, Item 8, "Financial Statements and Supplementary Data" for Financial Statements included with this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules

All other schedules have been omitted because the required information is not applicable, or the information is included in the consolidated financial statements or the Notes thereto.

(a)(3) Exhibits

The exhibits listed on the accompanying Index to Exhibits are filed as part of this Annual Report.

Exhibit #	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Certificate of Incorporation of Chrysalis Capital IX Corporation, dated September 17, 2013.	S-1	April 30, 2021	333-255642	
3.2	Chrysalis Capital IX Corporation By-Law No. 1., dated September 17, 2013.	S-1	April 30, 2021	333-255642	
3.3	Certificate of Amendment of Chrysalis Capital IX Corporation, dated February 21, 2014.	S-1	April 30, 2021	333-255642	
3.4	Notice of Articles and Certificate of Amalgamation of 1040096 B.C. Ltd. and Inspira Financial Inc., dated July 7, 2015.	S-1	April 30, 2021	333-255642	
3.5	Notice of Articles and Certificate of Amalgamation of 1042000 B.C. Ltd. and Inspira Financial Inc., dated July 7, 2015.	S-1	April 30, 2021	333-255642	
3.6	Certificate of Change of Name of 104200 B.C. Ltd., dated July 7, 2015.	S-1	April 30, 2021	333-255642	
3.7	Certificate of Amendment of Chrysalis Capital IX Corporation, dated July 7, 2015.	S-1	April 30, 2021	333-255642	
3.8	Notice of Articles and Certificate of Change of Name of Inspira Financial Inc., dated January 5, 2020.	S-1	April 30, 2021	333-255642	
3.9	Notice of Alteration, Notice of Articles and Certificate of Change of Name of Brattle Street Investment Corp., dated December 14, 2020.	S-1	April 30, 2021	333-255642	
3.10	Notice of Alteration, Notice of Articles and Certificate of Name Change of Evome Medical Technologies Inc. dated January 22, 2022.	8-K	January 23, 2024		
3.11	Articles of Evome Medical Technologies Inc. dated January 22, 2024.	8-K	January 23, 2024		
4.1	Specimen Certificate of Evome Medical Technologies Inc.				X
4.2	Form of Subscription Agreement for U.S. Subscribers of Subscription Receipts for Shares of Brattle Street Investment Corp.	S-1	April 30, 2021	333-255642	
4.3	Form of Subscription Agreement for Non- U.S. Subscribers of Subscription Receipts for Shares of Brattle Street Investment Corp.	S-1	April 30, 2021	333-255642	

4.4	Form of Subscription Agreement for U.S. Subscribers of Subscription Receipts for Units of Brattle Finco B.C. Ltd.	S-1	April 30, 2021	333-255642
4.5	Form of Subscription Agreement for Non- U.S. Subscribers of Subscription Receipts for Units of Brattle Finco B.C. Ltd.	S-1	April 30, 2021	333-255642
4.6	Form of Warrant to purchase Common Shares.	8-K	February 22, 2022	
4.7	Registration Rights Agreement dated as of February 15, 2022 by and among the Company, Purchasers in the Offering and Beacon Securities Limited, Canaccord Genuity Corp. and Leede Jones Gable Inc.	8-K	February 22, 2022	
4.8	Form of Compensation Option	8-K	February 22, 2022	
10.1*	Stock Option Plan of Inspira Financial Inc.	S-1	April 30, 2021	333-255642
10.2*	2021 Amended and Restated Stock Option Plan of Salona Global Medical Device Corporation	S-1	April 30, 2021	333-255642
10.3*	2023 Equity Incentive Plan	8-K	August 23, 2023	
10.4	Supply Agreement between DJO, LLC and South Dakota Partners Inc., dated May 4, 2016.	S-1	April 30, 2021	333-255642
10.5	Lease Agreement between Store Capital Acquisitions, LLC and South Dakota Partners, Inc., dated October 19, 2018.	S-1	April 30, 2021	333-255642
10.6	Promissory Note of South Dakota Partners to Dacotah Bank, dated February 1, 2019.	S-1	April 30, 2021	333-255642
10.7	Business Loan Agreement between South Dakota Partners and Dacotah Bank, dated December 3, 2019.	S-1	April 30, 2021	333-255642
10.8	Commercial Security Agreement between South Dakota Partners and Dacotah Bank, dated December 3, 2019.	S-1	April 30, 2021	333-255642
10.9	Promissory Note of South Dakota Partners to Dacotah Bank, dated February 1, 2019.	S-1	April 30, 2021	333-255642

10.10	Supply Agreement between Compass Richmar, LLC and South Dakota Partners, Inc., dated February 5, 2020.	S-1	April 30, 2021	333-255642
10.11	Change in Terms Agreement between South Dakota Partners Inc. and Dacotah Bank, dated April 20, 2020.	S-1	April 30, 2021	333-255642
10.12	Change in Terms Agreement between South Dakota Partners Inc. and Dacotah Bank, dated July 10, 2020.	S-1	April 30, 2021	333-255642
10.13	Business Loan Agreement between South Dakota Partners Inc. and Dacotah Bank, dated August 31, 2020.	S-1	April 30, 2021	333-255642
10.14	Promissory Note of South Dakota Partners Inc. to Dacotah Bank, dated August 31, 2020.	S-1	April 30, 2021	333-255642
10.15	Membership Interest Purchase Agreement, dated as of September 30, 2021, by and among Salona Global Medical Device Corporation, Inspira Financial Company, Simbex Parent Acquisition I Corp., Simbex Acquisition I Corp., Simbex, LLC, Richard Greenwald, and the additional equity holders referenced therein.	8-K	October 7, 2021	
10.16	Contribution Agreement dated as of November 29, 2021 by and among the Company, ALG Health Plus, LLC, Adam Harmon, ALG-Health LLC and other the parties named therein.	8-K	December 3, 2021	
10.17	Limited Liability Company Agreement of ALG Health Plus, LLC dated as of November 29, 2021 by and between Inspira Financial Company and Adam Harmon.	8-K	December 3, 2021	

10.18	Contribution and Exchange Agreement dated as of November 29, 2021 by and between Salona Global Medical Device Corp and Adam Harmon	8-K	December 3, 2021
10.19	Agreement and Plan of Merger dated as of February 18, 2022 by and among Salona Global Medical Device Corporation, Inspira Financial Company, Miotech Parent, LLC, Miotech Merger Subsidiary, LLC, Mio-Guard LLC, and Kenneth M. Zisholz	8-K	February 25, 2022
10.20	Stock Purchase Agreement, dated as of August 15, 2022, by and among Salona Global Medical Device Corporation, Inspira Financial Company, Damar Acquisition Company, Damar Plastics Manufacturing, Inc., and William P. Dickinson and Elizabeth H. Dickinson	8-K	August 19, 2022
10.21	Loan and Security Agreement, dated as of January 13, 2023, by and among Pathward, National Association, Damar Plastics Manufacturing, Inc. Mio-Guard, LLC, Simbex, LLC, Salona Global Medical Device Corporation, Inspira Financial Company, Mio-Tech Parent LLC, Simbex Parent Acquisition I Corporation, Simbex Acquisition I Corporation, and DaMar Acquisition Company	8-K	January 17, 2023
10.22	Guaranty, dated January 13, 2023, by and among Salona Global Medical Device Corporation, Inspira Financial Company, Mio-Tech Parent LLC, Simbex Parent Acquisition I Corporation, Simbex Acquisition I Corporation, and DaMar Acquisition Company in favor of Pathward, National Association	8-K	January 17, 2023
10.23	Stock Purchase Agreement, dated March 15, 2023, by and among Mirion Technologies (US), Inc. and Biodex Rehab Systems, LLC.	8-K	March 21, 2023
10.24	Stock Purchase Agreement, dated as of May 15, 2023, between Adam Glorvigen, Mio-Guard, LLC, and Salona Global Medical Device Corporation.	10-Q	August 14, 2023

10.25	Forbearance Agreement, dated as of August 4, 2023, by and among Salona Global Medical Device Corporation, Biodex Rehab Systems, LLC and Mirion Technologies (US), Inc.	8-K	August 10, 2023	
10.26	Master Credit and Security Agreement among Lender and Borrower, dated September 12, 2023*	8-K	September 18, 2023	
10.27	Guaranty, dated September 12, 2023, by Guarantors	8-K	September 18, 2023	
10.28	Membership Interest Purchase Agreement, dated April 2, 2024, by and between Simbex Acquisition I Corporation, Evome Medical Technologies, Inc. and EB Sports Corp.	8-K	April 4, 2024	
21.1	List of Subsidiaries			X
23.1	Consent of Independent Registered Public Accounting Firm			X
31.1	Certification of Principal Executive and Financial Officer			X
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			X

101.INS	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X
101.CAL	Inline XBRLTaxonomyExtension Calculation Linkbase Document	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	X

*Constitutes management contract or compensatory arrangement

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EVOME MEDICAL TECHNOLOGIES, INC.

By: /s/ Michael Seckler

Michael Seckler

Chief Executive Officer

(Principal Executive and Financial Officer)

Date: April 16, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant and in their capacities and on the dates indicated.

Name and Signature	Title	Date
/s/ Michael Seckler Michael Seckler	Chief Executive Officer (Principal Executive Officer), and Director	April 16, 2024
/s/ Kenneth Kashkin Kenneth Kashkin	Director; Chairman of the Board	April 16, 2024
/s/ Lana Newishy Lana Newishy	Director	April 16, 2024
/s/ Wayne Anderson Wayne Anderson	Director	April 16, 2024
/s/ Bill Garbarini Bill Garbarini	Director	April 16, 2024

EXHIBIT 4.1

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Number

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Shares

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Evome Medical Technologies Inc.

AMALGAMATED UNDER THE LAWS OF THE BRITISH COLUMBIA BUSINESS CORPORATIONS ACT

THIS CERTIFIES THAT SPECIMEN

CUSIP 30053H105

ISIN CA30053H1055

IS THE REGISTERED HOLDER OF ***0***

SEE REVERSE FOR CERTAIN DEFINITIONS

FULLY PAID AND NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL OF

Evome Medical Technologies Inc.

transferable on the books of the Corporation only upon surrender of this certificate properly endorsed.

This certificate is not valid unless countersigned by the Transfer Agent and Registrar of the Corporation.

IN WITNESS WHEREOF the Corporation has caused this certificate to be signed on its behalf by the facsimile signatures of its duly authorized officers.

DIRECTOR

DIRECTOR

Dated: Jan 15, 2024

COUNTERSIGNED AND REGISTERED
COMPUTERSHARE TRUST COMPANY OF CANADA
(VANCOUVER)
TRANSFER AGENT AND REGISTRAR

By ______________
Authorized Officer

VOID

VOID

The shares represented by this certificate are transferable at the office of Computershare Trust Company of Canada in Vancouver, BC.

SECURITY INSTRUCTIONS ON REVERSE   VOIR LES INSTRUCTIONS DE SÉCURITÉ AU VERSO

CSAE_WIP_RYBQ_C04.mtl.pulls/000001/000001A

The following abbreviations shall be construed as though the words set forth below opposite each abbreviation were written out in full where such abbreviation appears:

TEN COM	-	as tenants in common	(Name) CUST (Name) UNIF GIFT MIN ACT (State)	- (Name) as Custodian for (Name) under the (State) Uniform Gifts to Minors Act
TEN ENT	-	as tenants by the entireties		
JT TEN	-	as joint tenants with rights of survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

For value received the undersigned hereby sells, assigns and transfers unto

_____

Insert name and address of transferee

_____

_____ shares

represented by this certificate and does hereby irrevocably constitute and appoint

_____ the attorney

of the undersigned to transfer the said shares on the books of the Corporation with full power of substitution in the premises.

DATED: _____

_____ Signature of Shareholder

_____ Signature of Guarantor

Signature Guarantee:
The signature on this assignment must correspond with the name as written upon the face of the certificate(s), in every particular, without alteration or enlargement, or any change whatsoever and must be guaranteed by a major Canadian Schedule I chartered bank or a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed".

In the USA, signature guarantees must be done by members of a "Medallion Signature Guarantee Program" only.

Signature guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of the Stamp Medallion Program.

SECURITY INSTRUCTIONS - INSTRUCTIONS DE SÉCURITÉ

THIS IS WATERMARKED PAPER, DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

PAPIER FILIGRANÉ, NE PAS ACCEPTER SANS VÉRIFIER LA PRÉSENCE DU FILIGRANE. POUR CE FAIRE, PLACER À LA LUMIÈRE.

EN_CORP_V2_01

EXHIBIT 21.1

SUBSIDIARIES

Inspira Financial Company, a Washington corporation
Inspira SaaS Billing Services, Inc., a California Corporation.
South Dakota Partners, Inc., a South Dakota corporation
Brattle Acquisition I Corp., a South Dakota corporation
Simbex, LLC, a New Hampshire limited liability company
Simbex Parent Acquisition I Corporation, a Delaware corporation
Simbex Acquisition I Corporation, a Delaware corporation
ALG Health Plus, LLC, a Delaware limited liability company
Mio-Guard LLC, a Michigan limited liability company
Miotech Parent LLC, a Delaware limited liability company
Pan Novus Hospital Sales Group, LLC, a Delaware limited liability company
DaMar Acquisition Company, a Delaware corporation
DaMar Plastics Manufacturing, Inc., a California corporation
Biodex Rehab Systems, LLC, a Delaware limited liability company
Biodex Medical Systems, Inc., a New York corporation
Arrowhead Medical, LLC, a Minnesota limited liability company

SRCO Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants
Park Place Corporate Centre
15 Wertheim Court, Suite 409
Richmond Hill, ON L4B 3H7, Canada
Tel: 905 882 9500 & 416 671 7292
Fax: 905 882 9580
Email: info@srco.ca
www.srco.ca

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use of our report dated April 16, 2024 relating to the consolidated financial statements of Evome Medical Technologies Inc. (formerly Salona Global Medical Device Corporation) and its subsidiaries as of December 31, 2023 and 2022 and for year ended December 31, 2023 and for the ten-month period ended December 31, 2022, which report is included in this Annual Report on Form 10-K.

/s/ *SRCO Professional Corporation*
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

Richmond Hill, Ontario, Canada
April 16, 2024

Exhibit 31.1

CERTIFICATIONS

I, Michael Seckler, certify that:

1. I have reviewed this Annual Report on Form 10-K of Evome Medical Technologies Inc.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 16, 2024

/s/ Michael Seckler

Michael Seckler
Chief Executive Officer
(Principal Executive and Financial Officer)

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant section 906 of the Sarbanes-Oxley Act of 2002, I, Michael Seckler, Chief Executive Officer of Evome Medical Technologies Inc. (the "**Company**"), hereby certify that:

The Annual Report on Form 10-K for the year ended December 31, 2023 (the "**Form 10-K**") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2024

/s/ Michael Seckler
Michael Seckler
Chief Executive Officer
(Principal Executive and Financial Officer)