

CHENOMX INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Draft for discussion purposes only

Prepared by	Reviewed by
AK 8/08/25	

CHENOMX INC.
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YEAR ENDED DECEMBER 31, 2024

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ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS
AN ASSOCIATION TO PRACTISE CHARTERED PROFESSIONAL ACCOUNTANCY

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Chenomx Inc.

Opinion

We have audited the financial statements of Chenomx Inc. (the company), which comprise the balance sheet as at December 31, 2024, and the statements of deficit, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the financial statements which describes matters and conditions that indicated the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPE, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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▪ Operating as a Professional Corporation ◻ Operating as a Limited Liability Partnership

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta
August 8, 2025

JAM Accounting Group LLP
Chartered Professional Accountants

CHENOMX INC.
BALANCE SHEET
DECEMBER 31, 2024

	2024	2023
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	80,738	30,634
Accounts receivable	103,647	81,877
Goods and services tax recoverable	-	1,581
	184,385	114,092
EQUIPMENT <i>(Note 4)</i>	-	334
INTELLECTUAL PROPERTY <i>(Note 3)</i>	890	989
	185,275	115,415
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
CURRENT		
Accounts payable and accrued liabilities	21,142	55,418
Goods and services tax payable	446	-
Payroll liabilities	2,910	4,180
Due to shareholders <i>(Note 7)</i>	373,500	373,500
Deferred revenue	2,029	1,603
	400,027	434,701
SHAREHOLDERS' DEFICIENCY		
Share capital <i>(Note 5)</i>	1,236,965	1,236,965
Contributed surplus <i>(Note 5)</i>	1,888,013	1,888,013
Deficit	(3,339,730)	(3,444,264)
	(214,752)	(319,286)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	185,275	115,415

ON BEHALF OF THE BOARD

_____ Director

_____ Director

Printed: August 26, 2025 1:27 PM Prep _____ Added _____ Approved _____

The accompanying notes form part of these financial statements

CHENOMX INC.
STATEMENT OF DEFICIT
YEAR ENDED DECEMBER 31, 2024

	2024	2023
	\$	\$
DEFICIT - BEGINNING OF YEAR	(3,444,264)	(3,561,914)
NET INCOME FOR THE YEAR	<u>104,534</u>	<u>117,650</u>
DEFICIT - END OF YEAR	<u>(3,339,730)</u>	<u>(3,444,264)</u>

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CHENOMX INC.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2024

	2024	2023
	\$	\$
REVENUES		
Software sales	403,771	519,289
Software support subscriptions	7,597	6,412
Contract analysis services	117,053	9,083
	<u>528,421</u>	<u>534,784</u>
DIRECT COSTS		
Distributor commissions	25,931	22,388
Direct contract services	14,646	240
	<u>40,577</u>	<u>22,628</u>
GROSS PROFIT (92.3%; 2023 - 95.8%)	<u>487,844</u>	<u>512,156</u>
EXPENSES		
Bad debt recovery	-	(3,276)
Bank charges and interest	5,617	7,776
Dues, subscriptions and membership fees	934	2,143
Insurance	15,224	14,828
Lab materials and supplies	8,593	12,923
Legal and audit fees	11,101	15,854
Marketing	40,485	48,080
Office	12,236	9,495
Salaries, wages and benefits	240,870	231,241
Subcontractors	47,358	48,727
Telephone and communications	1,011	970
	<u>383,429</u>	<u>388,761</u>
INCOME FROM OPERATIONS	<u>104,415</u>	<u>123,395</u>
OTHER ITEMS		
Interest income	2,754	-
Amortization of equipment	(334)	(887)
Amortization of intellectual property	(99)	(99)
Realized loss on foreign exchange	(7)	(3,992)
Unrealized loss on foreign exchange	(2,195)	(767)
	<u>119</u>	<u>(5,745)</u>
NET INCOME FOR THE YEAR	<u>104,534</u>	<u>117,650</u>

CHENOMX INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	2024 \$	2023 \$
OPERATING ACTIVITIES		
Net income	104,534	117,650
Items not affecting cash:		
Amortization of equipment	334	887
Amortization of intellectual property	99	99
	<u>104,967</u>	<u>118,636</u>
Changes in non-cash working capital:		
Accounts receivable	(21,770)	(52,501)
Accounts payable	(34,276)	13,649
Goods and services tax payable	2,027	(175)
Payroll liabilities	(1,270)	1,783
Deferred revenue	426	-
	<u>(54,863)</u>	<u>(37,244)</u>
Cash flow from operating activities	<u>50,104</u>	<u>81,392</u>
FINANCING ACTIVITY		
Advances to shareholders	-	(130,000)
	<u>50,104</u>	<u>(48,608)</u>
INCREASE (DECREASE) IN CASH FLOW	50,104	(48,608)
Cash - beginning of year	<u>30,634</u>	<u>79,242</u>
CASH - END OF YEAR	<u>80,738</u>	<u>30,634</u>

CHENOMX INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

1. NATURE OF OPERATIONS AND GOING CONCERN

Chenomx Inc. (the "Company") was incorporated on November 9, 2000 under the Business Corporations Act of Alberta. The Company's commercial objective is to establish its technology platform as the premier complex mixture analysis tool used for understanding the relationship between health, disease and toxicology. The Company has developed and is selling a software product as a first step in reaching its objective.

These financial statements have been prepared using Canadian Accounting Standards for Private Enterprises ("ASPE") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

For the year ended December 31, 2024 the Company reported a net profit of \$104,534 (2023 net profit \$117,650) and had an accumulated deficit of \$3,339,730 (2023 - \$3,444,264) and, prior to becoming profitable, historically had relied on non-operational sources of financing to fund operations. The Company may need to raise financing for the repayment of notes payable to the shareholder in the amount of \$373,500 (2023 - \$373,500) which have no specified due date as detailed in note 8. These circumstances lend doubt as to the viability of the Company as a going concern. The Company may seek additional forms of debt or equity financing, but cannot provide assurance that it will be successful in doing so.

These financial statements do not reflect the adjustment to the carrying value of assets and liabilities and the reported revenue and expenses and balance sheet 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant financial statement items that require the use of estimates are the useful life and amortization of equipment and intangible assets. Actual results could differ from those estimates and approximations.

Cash

Cash consists of bank balances less cheques and deposits outstanding. Cash includes foreign currency balance.

Intellectual property

Intellectual property consists of the cost of the Magnetic Resonance Diagnostic technology acquired from BioTools Incorporated and trademarks subsequent to its acquisition. Intellectual property is recorded at the lower of cost and estimated fair value. Management annually reviews intellectual property for impairment. If management determines that costs exceed estimated net recoverable value, based on estimated future cash flows, the excess of such costs are charged to operations in that year.

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CHENOMX INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For issued patents and trademarks, amortization is provided for on a straight-line basis over the patent/trademark term remaining. Amortized costs of inactive patents and trademarks are charged to operations in that year.

Equipment

Equipment is recorded at cost. Amortization is provided for on a straight-line basis over the useful life of the assets at the following rates and methods:

Computer equipment	3 years
Computer software	2 years

Impairment of long lived assets

The Company tests its long-lived assets when changes in circumstances indicate that the carrying amount of an asset may exceed the fair value. An impairment loss is recognized if the carrying value of the asset is no longer recoverable and exceeds its fair value.

Revenue recognition

Software license revenue is recognized when the software is invoiced to customers.

Revenue from software maintenance and contract analysis agreements is recognized on a straight-line basis over the contract or maintenance period. Deferred revenue is comprised of funds received for maintenance and contract services not yet rendered at the balance sheet date.

All other revenue is recognized as the services are rendered provided the amount of revenue is determinable and collection is reasonably assured.

Foreign currency translation

Translation of transactions arising in foreign currencies have been recorded at approximate rates of exchange in effect at the dates of the transactions, with resulting monetary assets and monetary liabilities arising in foreign currencies being translated at rates of exchange in effect at the balance sheet date. Gains or losses realized during the period have been included in the statement of operations.

Stock based compensation

The Company may grant stock options to employees, directors, officers and consultants pursuant to a stock option plan. Stock option awards are accounted for using the fair value method and result in stock-based compensation expense. The expense is recognized in income over the shorter of the service period of the employee to whom the option was granted or the vesting period of the specific option. Consideration paid on the exercise of stock options is credited to share capital.

Income taxes

The Company follows the liability method of income tax allocation. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax basis. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is included in earnings in the period that includes the date of substantial enactment. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

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CHENOMX INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments consist of accounts receivable, which will result in future cash receipts as well as accounts payable, accrued liabilities and notes payable to shareholder, which will result in future cash outlays. The fair values of these instruments approximate their carrying value due to their immediate or short-term maturity.

Credit risk

The Company is exposed to credit risk in the event of non-performance by customers. The maximum exposure is the fair value of the accounts receivable. The Company has a diverse international customer base and amounts receivable are not concentrated with any one customer.

Currency risk

The Company is exposed to currency risk through significant sales denominated in foreign currency. For the current year, 96% of sales were denominated in a foreign currency (2023 - 91%). The Company has not entered into any foreign exchange hedging arrangements to mitigate this risk.

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on the notes payable to shareholder. However, the interest was initially forgiven in fiscal 2013 and during fiscal 2014 the interest on the notes payable was amended to be at zero percent. The forgiveness and zero interest on the notes remained in place throughout fiscal 2024.

3. INTELLECTUAL PROPERTY

	2024 \$	2023 \$
Trademarks	8,017	8,017
Accumulated amortization	(7,127)	(7,028)
	890	989

4. EQUIPMENT

	Cost \$	Accumulated amortization \$	2024 Net book value \$	2023 Net book value \$
Computer equipment	3,808	3,808	-	133
Computer software	801	801	-	201
	4,609	4,609	-	334

5. SHARE CAPITAL

Authorized:

- Unlimited number of common shares
- Unlimited number of preferred shares

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CHENOMX INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

5. SHARE CAPITAL (continued)

	2024		2023	
	Shares	Amount \$	Shares	Amount \$
Common shares	6,551,232	1,236,965	6,551,232	1,236,965

a) Stock option plan

The Company maintains a Stock Option Plan (the "Plan") under which the Company may grant options to purchase a maximum of 926,635 common shares of the Company. The options may be granted to service providers, which include employees, directors, officers and consultants as defined in the Plan.

There were no options outstanding and none exercisable at December 31, 2024 (2023 - nil).

b) Stock-based compensation expense

The Company recognized stock based compensation expense and contributed surplus during 2024 of \$nil (2023 - \$nil). Previous stock based compensation was determine using the Black-Scholes method where \$0.10 exercise price per option was determined to be reasonable.

Contributed surplus recorded in prior years resulted from a combination of stock-based compensation and the buy-back of previously issued preferred shares.

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CHENOMX INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

6. INCOME TAXES AND INVESTMENT TAX CREDIT RECOVERABLE

At December 31, 2024, the Company had \$1,278,690 (2023 - \$1,381,595) of non-capital loss carry forwards and \$3,715 (2023 - \$5,745) of investment tax credits available to reduce taxable income in future years. These losses and investment tax credits expire as follows:

	2024	2023
	\$	\$
<u>Non-capital loss carry forwards</u>		
2033	1,092,507	1,195,412
2034	146,011	146,011
2042	40,172	40,172
	1,278,690	1,381,595
<u>Investment tax credits</u>		
2024	-	2,030
2026	1,038	1,038
2027	1,286	1,286
2028	801	801
2029	590	590
	3,715	5,745

Significant components of the Company's unrecorded long-term future tax assets and future tax liabilities are as follows:

<u>Future tax assets</u>		
Non-capital loss carry forwards	140,656	151,975
Intellectual property	184	236
Equipment	491	943
Less: Valuation allowance	(141,331)	(153,154)
Total future tax assets	-	-

Potential income tax benefits have not been recognized because the expectation of their realization does not meet the requirement of "more likely than not" under the liability method of tax allocation. No net future tax assets have been recognized.

CHENOMX INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

7. DUE TO SHAREHOLDERS

	2024	2023
	\$	\$
Notes payable to shareholder	373,500	373,500

Advances from a shareholder, who is also a director and an officer of the Company bear interest at 0% (December 31, 2023 - 0%). During a prior year (2013), the Company and the shareholder extended the due dates of all of the advances so that there are no balances due in the next fiscal year. Nil was repaid in 2024 (2023: \$130,000).

A member of the immediate family of a shareholder is employed by the Company at a market rate of remuneration. Gross salary of \$73,850 was paid during the year (2023: \$60,000).

Related party transactions are recorded at their exchange amounts which is the amount agreed to by the related parties.

8. SUBSEQUENT EVENT

Subsequent to year end, the Company is going through a re-organization. This re-organization is expected to result in President/CEO purchasing the shares owned by another shareholder. This transaction would result in a change of control due to the purchasing shareholder obtaining a majority stake in the company.

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