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Zacks Small-Cap Research

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# Izotropic Corp (IZOZF-OTC)

## IZOZF: Initiating Coverage: Breakthrough Technology for Breast Cancer Screening

Izotropic is a medical device company with a potentially groundbreaking for device for detecting breast cancer. We value IZOZF at $0.82 per share on a discounted cash flow analysis basis.

## OUTLOOK

Izotropic is a medical device company that has developed an innovative machine that will allow for women to have more accurate and comfortable screenings for breast cancer.

For years, women with dense breasts have had cancers missed or have had to undergo additional, expensive tests. With the Izotropic machine, costs for insurance companies will go down, accuracy will be greatly increased, and comfort will improve.

| | |
|---|---|
| Current Price (11/12/25) | $0.27 |
| **Valuation** | **$0.82** |

## SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$0.35** |
| **52-Week Low** | **$0.28** |
| **One-Year Return (%)** | **N/A** |
| **Beta** | **N/A** |
| **Average Daily Volume (sh)** | **88,809** |
| **Shares Outstanding (mil)** | **62** |
| **Market Capitalization ($mil)** | **$19** |
| **Short Interest Ratio (days)** | **N/A** |
| **Institutional Ownership (%)** | **N/A** |
| **Insider Ownership (%)** | **N/A** |
| **Annual Cash Dividend** | **$0.00** |
| **Dividend Yield (%)** | **0.00** |
| **5-Yr. Historical Growth Rates** | |
| **Sales (%)** | **N/A** |
| **Earnings Per Share (%)** | **N/A** |
| **Dividend (%)** | **N/A** |
| **P/E using TTM EPS** | **N/A** |
| **P/E using 2025 Estimate** | **N/A** |
| **P/E using 2026 Estimate** | **N/A** |
| **Zacks Rank** | **N/A** |

| | |
|---|---|
| **Risk Level** | **High** |
| **Type of Stock** | **Small** |
| **Industry** | **Medical Devices** |

## ZACKS ESTIMATES

**Revenue**
(in millions of $US)

| | Q1 (Mar) | Q2 (Jun) | Q3 (Sep) | Q4 (Dec) | Year (Dec) |
|---|---|---|---|---|---|
| 2024 | NA | NA | NA | NA | 0 A |
| 2025 | 0 E | 0 A | 0 E | 0 E | 0 E |
| 2026 | 0 E | 0 E | 2 E | 3 E | 5 E |
| 2027 | 2 E | 2 E | 3 E | 3 E | 10 E |

**Earnings per Share**

| | Q1 (Mar) | Q2 (Jun) | Q3 (Sep) | Q4 (Dec) | Year (Dec) |
|---|---|---|---|---|---|
| 2024 | NA | NA | NA | NA | -0.04 A |
| 2025 | 0.00 A | -0.01 E | -0.01 E | -0.01 E | -0.03 E |
| 2026 | -0.01 E | 0.00 E | 0.02 E | 0.02 E | 0.03 E |
| 2027 | 0.01 E | 0.01 E | 0.02 E | 0.04 E | 0.08 E |

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## KEY POINTS

- Izotropic has worked with a premier medical research university to develop a modern, innovative breast cancer screening device.
- The device, known as IzoView, produces true three-dimensional CT images, which allows more accurate screenings.
- Over 50% of women have dense breasts, which the traditional mammography screen often struggles with and often must have additional tests or receive a misdiagnosis. These women will especially benefit from the IzoView images.

## OVERVIEW

Zacks is initiating investment coverage of Izotropic Corporation (IZOZF-OTCQB; IZO-CSE) with a price target of $0.82. Izotropic is an emerging medical device company aiming to transform breast imaging with its innovative IzoView Breast CT system. At its core, Izotropic's mission is straightforward but ambitious: to make breast cancer detection faster, clearer, and more comfortable for patients—particularly for the large number of women whose dense breast tissue makes traditional mammograms less effective. The company holds exclusive global rights to its technology from the University of California, Davis, where the underlying breast CT platform was developed over many years of academic research. With that foundation, Izotropic is now working to bring this technology to market through a dedicated imaging system that could redefine how clinicians see and diagnose breast cancer.

From an investment perspective, we believe Izotropic represents a rare opportunity in an area that combines cutting-edge imaging innovation with a substantial unmet clinical need. The global market for breast imaging is growing steadily, and nearly half of women fall into the "dense breast" category, a demographic that standard mammography often struggles to serve. IzoView directly targets this challenge by producing true three-dimensional CT images of the breast without the painful compression required by traditional scans. This technology offers clearer visualization of tissue structure and lesions, which can potentially improve both detection rates and diagnostic confidence.

The investment case for Izotropic doesn't stop there because the company's approach goes beyond hardware. The company has also secured exclusive rights to a patented computer-aided diagnosis system—referred to as CADx—for breast CT imaging. This software component opens the door for artificial-intelligence-based analysis and decision support, a trend in medical imaging that is quickly gaining traction. The combination of purpose-built hardware and proprietary AI capability gives Izotropic a unique competitive position and, importantly, creates multiple potential revenue streams in the future. Investors who understand the medical imaging landscape recognize that such a combination—unique device plus integrated AI—can create a durable platform that grows in value as more data and clinical results accumulate.

This isn't an emerging idea that will come to fruition in the distant future. The company has already achieved important developmental milestones. Engineering work on the IzoView device has been completed, and Izotropic is now moving toward regulatory submissions and commercialization. The FDA approval process, which the company is pursuing through a streamlined Class III pathway, represents the next major catalyst. Securing approval would mark a transformative moment—one that could elevate Izotropic from a research-driven story to a commercial reality. The company has also shown its ability to raise capital as needed to support its efforts, having raised over USD $10M to date to develop IzoView to

a pre-commercial stage, and operate. These are all significant steps as they signal a management team that is executing and maintaining progress toward its objectives.

There are, of course, risks inherent in any company at this stage. Izotropic remains pre-revenue and will rely on additional financing as it moves through regulatory and commercial phases. The medical device market is competitive and heavily regulated, and adoption depends on demonstrating not just technical superiority but also cost-effectiveness and clinical impact. However, Izotropic's focused strategy—addressing dense-breast imaging with a purpose-built solution—gives it a clear and distinct niche. Moreover, the company's emphasis on patient comfort, diagnostic clarity, and integration of AI-based tools aligns strongly with broader trends that we see developing in the more modern healthcare technology space.

For investors, Izotropic represents a higher-risk, high-potential opportunity. In our view, the company's valuation remains modest relative to the scale of the problem it is addressing and the potential impact of its technology. If it succeeds in gaining regulatory approval and begins securing commercial installations, the market could start to recognize the depth of its innovation and the size of its opportunity. The addition of software-based CADx tools also creates a longer-term story—one in which the company could benefit from recurring revenue streams and data-driven improvements in performance over time.

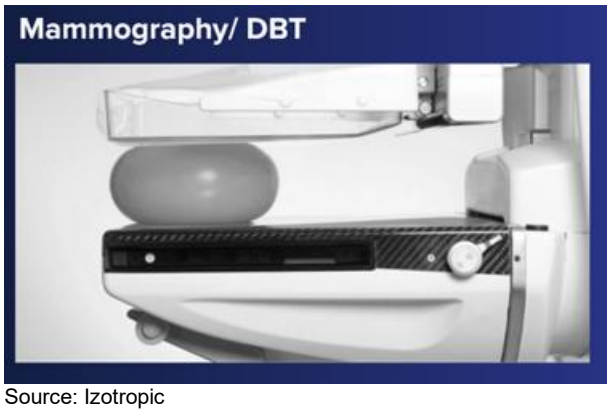
Overall, Izotropic stands at a promising crossroads. Its technology directly addresses a pressing clinical need, its intellectual property provides meaningful protection, and its roadmap suggests a thoughtful path toward commercialization. While it remains an early-stage investment suitable only for those comfortable with higher-risk positions, we believe the potential payoff is compelling. For those looking to participate in a company with the chance to make a genuine difference in women's health while offering significant upside, Izotropic's story is one that investors should take a serious look at.

## THE PROBLEM

Mammography has long been one of the primary tools in the fight against breast cancer. It traces its roots back to the 1960s, when doctors first began using low-dose X-rays to detect tumors before they could be felt by touch. Over the decades, it became the standard for early detection, credited with saving countless lives through earlier diagnosis and improved survival rates. Screening programs built around mammography helped shift breast cancer from a disease often found too late to one frequently caught at a treatable stage.

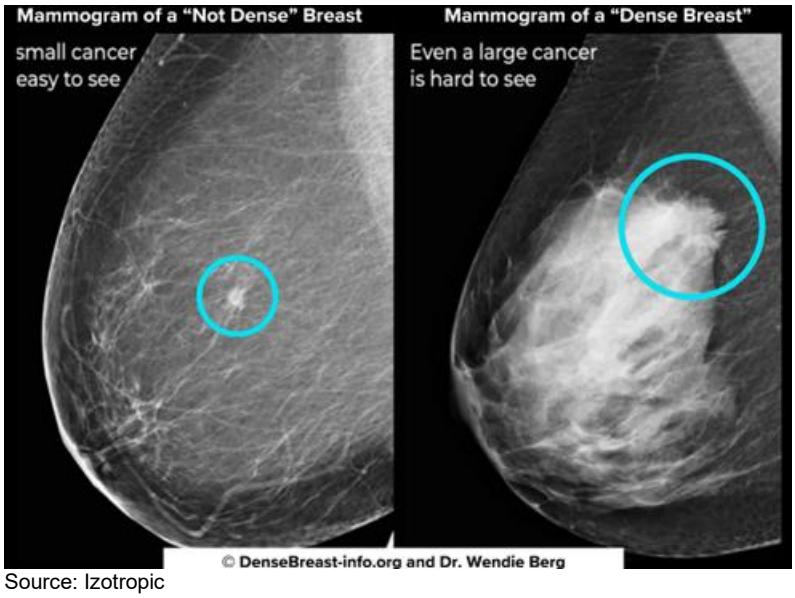
The benefits have been clear: mammography can detect small cancers that can't yet be felt, allowing for less invasive treatments and better outcomes. Regular screenings became routine for millions of women, offering reassurance and, in many cases, life-saving information.

However, there are very few technologies that we are using today that haven't had substantial changes in over 50 years. As with many established technologies, time and experience have revealed its limitations. Studies show that error rates remain a persistent concern—false negatives, where cancers are missed approximately 10-30% of the time according to the National Institute of Health (NIH). A recall for additional imaging or biopsy after an abnormal mammogram isn't uncommon; in fact, up to 10% of women are called back for a second look, though most of these turn out to be benign. And while it may seem like a minor thing, the compression that occurs during the test not only distorts the anatomy, but can be an uncomfortable or painful experience that deters women from getting the tests they need.



Source: Izotropic

Aside from these numerous issues impacting the general population, one of the biggest challenges arises with dense breast tissue, which is common among younger women and even persists in many older patients, and can be present in approximately 50% of women according to the company. That can cause problems with the traditional mammography as dense tissue can mask tumors on a mammogram, appearing white on the X-ray—just like the cancer itself—making it harder for radiologists to tell the difference. The result is a troubling combination of missed cancers and unnecessary anxiety from inconclusive images.



Source: Izotropic

In short, mammography has been a major public health success, but it's not without its drawbacks. Its strengths in early detection are tempered by real-world challenges—interpretation errors, repeat testing, and the ongoing difficulty of imaging dense breast tissue. These limitations have driven researchers like Izotropic and the University of California to produce a testing device that is more accurate, easier to use, useful for every type of breast tissue and still cost effective—and we believe that Izotropic has accomplished that objective, which could mean great strides forward for women's health.

## THE SOLUTION




Source: Izotropic

Initially, maybe the best way to think of IzoView, the Izotropic answer to the quest for cutting-edge breast cancer screening technology, is as a purpose-built CT scanner for the breast. Rather than squeezing the breast between plates (like a traditional mammogram) or relying on a series of 2-D X-ray slices, IzoView captures a true 3-D volumetric CT of the breast without compression, producing high-resolution, no-compression images that the company says were engineered specifically to help with the half of women who have dense breast tissue, but would likely prove to be highly beneficial to all women going through the screening process. The company's design choice is aimed at two practical problems as we see it: reducing discomfort during the exam and giving radiologists a volumetric view where tumors aren't masked by overlapping tissue.

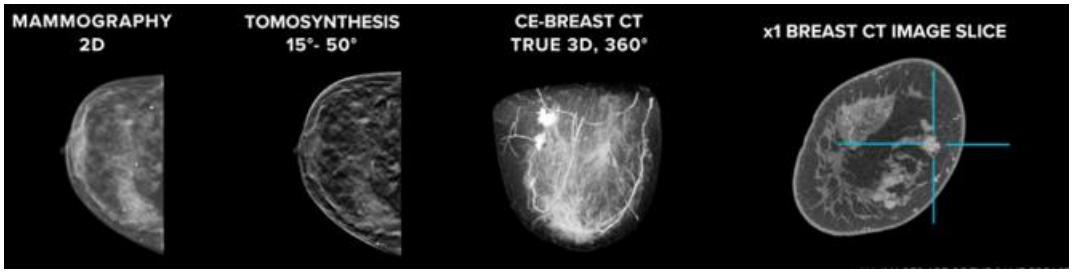
Why does that matter? Mammography — especially conventional 2-D mammography — can miss cancers in dense breasts, as referenced above, because both dense tissue and many tumors show up white on an X-ray, so the tumor can blend into the background. Screening mammograms overall miss roughly one in eight cancers according to the NIH, and sensitivity falls in women with dense tissue; as a result, denser breasts trigger more callbacks for extra imaging.

Where IzoView would have an advantage over the existing technology is threefold in our view. First, the machine produces a true 3-D breast CT with high spatial resolution and no compression, so the anatomy is presented volumetrically rather than flattened — that can reduce the "masking" problem that dense tissue causes on 2-D images. Second, Izotropic has built in AI and computer-aided analysis into the platform and positions the system as a platform that can be upgraded and paired with software tools to help radiologists read images more consistently. Third, the company has emphasized dose management: the device includes a patent-pending approach to personalize the radiation dose to the patient's breast size and composition. The combination of these factors lead us to believe that patients would be highly interested in this innovation in screening, while insurance companies, who pay for most of the screenings, would greatly appreciate the reduction in call backs and missed cancers that end up being far more expensive to treat.

A comparison to other common breast imaging choices:

- Mammography (2-D and peusdo-3-D/tomosynthesis): inexpensive, widely available, low radiation, but less sensitive in dense breasts and requires compression. IzoView aims to reduce masking and avoid compression by using volumetric CT, with a radiation dose comparable to 2-view mammography.
- Breast MRI: no ionizing radiation and very sensitive (often used for high-risk screening), but expensive, slower, and not ideal for routine population screening. Izotropic has much higher spatial resolution (up to 100x according to the company) than MRI for lesion detail and would be much less expensive. An MRI machine can cost between $1-3 million, while the IzoView system's cost target is $500,000.
- Ultrasound / Automated Breast Ultrasound (ABUS): radiation-free and useful as an adjunct for dense breasts, but operator dependent (for handheld ultrasound) and can produce many benign

findings that lead to biopsies or follow-up. IzoView's output is more consistent, volumetric imaging that could sit alongside or reduce extra ultrasound exams in some workflows.




Source: Izotropic; Images were taken using breast CT protype devices at UC Davis Medical Center.

Bottom line: IzoView is an explicitly engineered, no-compression, 3-D breast CT platform that aims to be easier for patients (no squeeze), more informative for radiologists (volumetric views, high resolution, AI tools), and more useful for the specific challenge of dense breasts. We believe these qualities are attractive for all parties, including doctors, patients, and insurance companies.

Izotropic is laser-focused on getting IzoView through the approval process and into doctors' hands as soon as possible. Company management met with the U.S. Food and Drug Administration (FDA) in March of 2025, to obtain feedback on a clinical study design for a Pre-Market Authorization (PMA) filing, which was submitted to the administration for their review in January 2025. According to the company, the extensive 60-page pre-submission filing described a full technical "Indication for Use, and identified intended patient populations and intended users; provided a thorough device description with system and sub-system schematics and component descriptions covering the imaging, mechanical, electrical, power, communications and controls, safety, software and accessories; system operation, patient positioning and breast radiation dosimetry details; a comprehensive synopsis of prospective case collection for the clinical study; a comprehensive synopsis of the proposed clinical study protocol complete with statistical considerations; and contained specific confirmatory questions for the FDA to ensure that the official meeting would enable actionable steps on the path to regulatory approval and commercialization of IzoView."

Following this submission, guidance was received from the FDA that the company's clinical study plan is consistent with their expectations of acceptable data (volume, acquisition methods, patient populations, etc.) to evaluate IzoView for approval. According to management, once the needed funding is obtained, the company will prepare a full detailed clinical study protocol to review with the FDA and is ready to prepare the IzoView units and proceed with a multi-site U.S.-based clinical study. In light of these actions, we believe Izotropic is at an inflection point that makes IZOZF a potentially attractive investment at a turning point in their history.

## THE COMPANY

The technology at the heart of Izotropic and IzoView traces to the University of California (UC Davis) Breast Tomography Project, where breast CT technology was founded, developed, and 4 successive research models were tested in clinical trials, with approximately $20M in funding primarily from the NIH.

Izotropic took on exclusive global licensing rights to that breast CT technology and is committed to bringing that dedicated breast CT platform to market.

From a corporate-history perspective the company has moved through the early-stage phases: securing the academic license, raising over USD $10M to engineer the commercial breast CT model — IzoView, engaging in pre-submission interactions with the U.S. Food and Drug Administration to align on a clinical study design, and is now organizing funding and a clinical program to support regulatory filings. As

mentioned above, the company has filed an FDA pre-submission and has achieved alignment on a regulatory pathway that supports a U.S. clinical study for approval. That regulatory focus is linked to the UC license: the amended license explicitly ties to the company's commercialization milestones, namely FDA regulatory approval or an equivalent foreign clearance for flexible global market entry, marketing initiation, and a first commercial sale.

Financing for Izotropic has been a mix of debt and equity transactions as is typical of small, development-stage med-tech companies. The company has completed several non-brokered private placements (including smaller unit offerings in 2023–2025), issued warrants as part of those financings, and—when necessary—extended warrant expiries to preserve optionality for investors. Management has shown concern for potential dilution of shareholders and has pursued funding through modest private placements for working capital, warrant extensions, and promissory note amendments rather than large public equity raises while it was preparing the necessary business and financial plans to obtain the capital required to fund regulatory and commercialization activities.

In short, Izotropic controls exclusive rights to an academically derived breast CT technology, has structured the license to reflect regulatory and commercialization milestones, and has benefitted from grant-funded clinical trials at UC Davis to support the evidence base for approval processes, and has financed its activities to date with a mixture of small private placements and negotiated debt. The success of the company's plan and the future direction of the stock hinges on the company's ability to complete its clinical program on budget and schedule, obtain regulatory clearances, and then translate those clearances into initial commercial sales or strategic partnerships that will enhance shareholder value.

## VALUATION

Izotropic is at a crucial inflection point in our view, with the groundbreaking product IzoView on the precipice of the testing phase that will lead to commercialization. We have seen the preliminary test results on the latest version of the product and are quite confident that, once the clinical trials can be completed, the product will be approved for commercialization. For the purposes of valuation, we assume that IzoView is approved use at some point during 2026, resulting in the first sales toward the end of that year. Management has indicated that there are numerous customers anxious to get their hands on the product once it is approved, and from our conversations with potential customers, we have little doubt that there will be ample demand for IzoView. As a result, we start sales out conservatively and growth them modestly over the first few years as the product gains traction and manufacturing ramps up. After that initial modest growth phase, we model five years of more rapid growth as doctors and patients increasing demand the more comfortable, more accurate testing that IzoView provides. We understand that there are risks to this process, especially regarding obtaining the financing needed to complete the testing and the unpredictability of the FDA—as a result we are applying a discount rate of 20% to the expected future cash flows. The result of this discounted cash flow analysis yields a valuation of IZOZF of $0.82 per share. As usual, we believe this is a conservative price estimate, based on conservative assumptions and that the upside for this breakthrough product could very well be much greater than our initial expectations. Again, we suggest that investors with a modestly higher risk tolerance take a good look at IZOZF at this crucial inflection point.

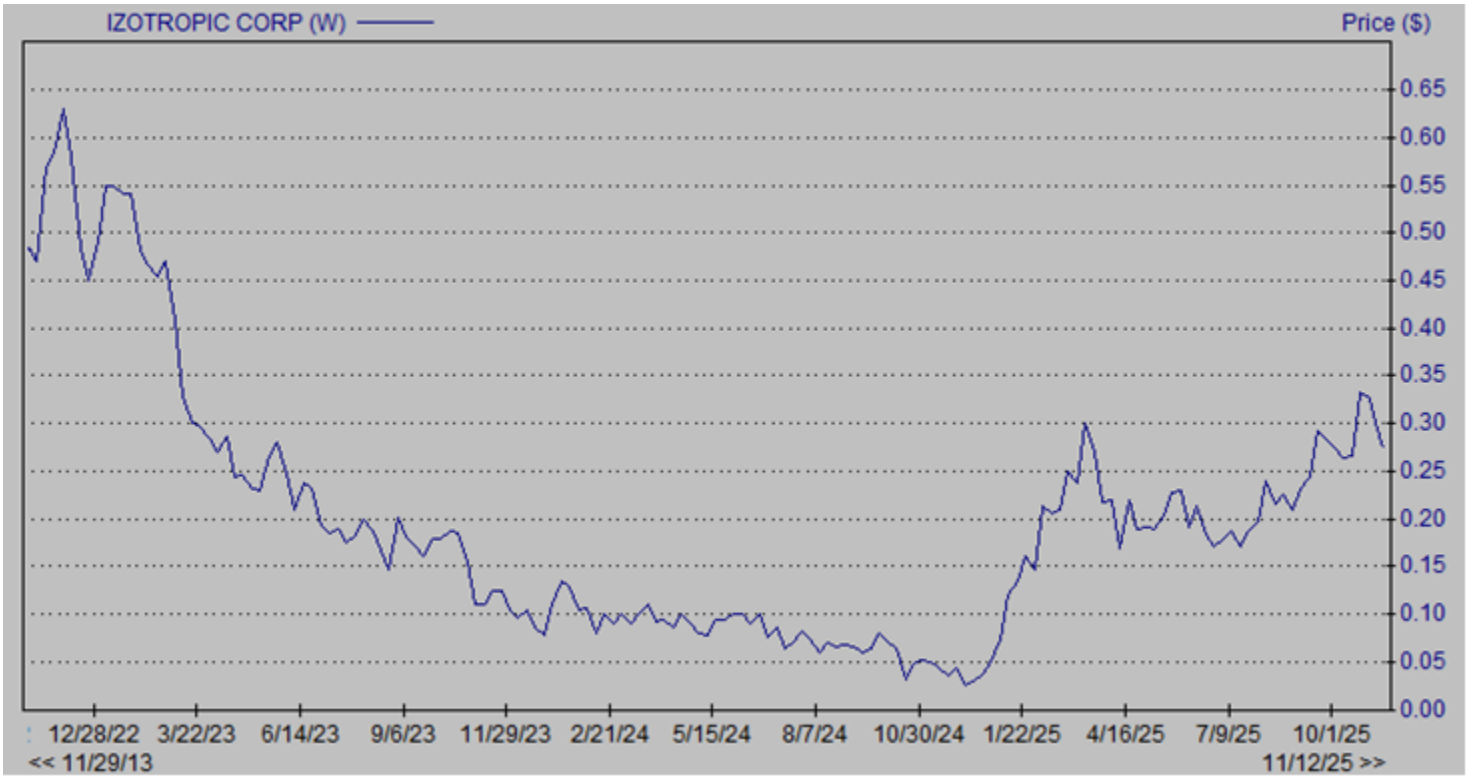
## RISKS

- Funding for testing and approval for commercialization could come short of expectations.
- Insurance companies could decide the technology is not going to be part of their reimbursement process.
- Regulators could delay or deny approval.
- Leadership changes could derail the company's focus.
- A competing technology could be developed before IzoView makes it to market.

## PROJECTED INCOME STATEMENT & BALANCE SHEET

| Izotropic Income Statement and Balance Sheet | | | | | | | |
|---|---|---|---|---|---|---|---|
| (In thousands of US Dollars-Conversion rate: 1 Canadian dollar=0.72 US dollars) | | | | | | | |
| | **2024A** | **1Q2025A** | **2Q2025E** | **3Q2025E** | **4Q2025E** | **2026E** | **2027E** |
| Revenue | 0 | 0 | 0 | 0 | 0 | 5,000 | 10,000 |
| Cost of Goods Sold | 0 | 0 | 0 | 0 | 0 | 1,000 | 2,000 |
| Profit margin | 0 | 0 | 0 | 0 | 0 | 4,000 | 8,000 |
| Operating Expenses | | | | | | | |
| Consulting Fees | 181 | 22 | 21 | 19 | 19 | 74 | 81 |
| Depreciation | 35 | 8 | 9 | 10 | 11 | 42 | 44 |
| Filing and regulatory fees | 47 | 4 | 4 | 4 | 5 | 19 | 20 |
| Research and development | 490 | 105 | 116 | 127 | 140 | 560 | 588 |
| Other operating expenses | 842 | 85 | 93 | 103 | 113 | 452 | 475 |
| Gross profit | (1,596) | (223) | (242) | (263) | (287) | 2,853 | 6,792 |
| Interest | 202 | 43 | 44 | 46 | 47 | 189 | 194 |
| Loan extension fees | 0 | 36 | 0 | 6 | 0 | 0 | 0 |
| Other expenses | 463 | 4 | 125 | 138 | 151 | 166 | 183 |
| Income/(Loss) | (2,260) | (306) | (412) | (453) | (485) | 2,497 | 6,414 |
| Net Inc./(Loss) Before Tax | (2,260) | (306) | (412) | (453) | (485) | 2,497 | 6,414 |
| Income Tax Benefit/(Expense) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Currency Translation | 84 | 55 | 0 | 0 | 0 | 0 | 0 |
| Net Income/(Loss) | (2,344) | (306) | (412) | (453) | (485) | 2,497 | 6,414 |
| Net Income/(Loss) per share | $ (0.04) | $ (0.00) | $ (0.01) | $ (0.01) | $ (0.01) | $ 0.03 | $ 0.08 |
| Diluted Common Shares Outstanding | 58,684 | 61,618 | 64,699 | 67,934 | 71,331 | 74,897 | 78,642 |
| | | | | | | | |
| | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | 197 | 48 | 52 | 55 | 59 | 63 | 68 |
| Prepaid Expenses and deposits | 82 | 90 | 90 | 90 | 90 | 90 | 90 |
| Other | 5 | 6 | 5 | 5 | 5 | 5 | 5 |
| Total Current Assets | 284 | 145 | 147 | 150 | 154 | 158 | 163 |
| | | | | | | | |
| Property, Plant and Equip. | 14 | 6 | 6 | 6 | 6 | 6 | 6 |
| Other long-term assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total other assets | 14 | 6 | 6 | 6 | 6 | 6 | 6 |
| Total Assets | 298 | 150 | 152 | 156 | 160 | 164 | 168 |
| Current Liabilities | | | | | | | |
| Accounts Payable and accrued liabilities | 1,806 | 1,868 | 2,055 | 2,261 | 2,487 | 2,736 | 3,009 |
| Promissory notes | 1,979 | 2,058 | 2,264 | 2,491 | 2,740 | 3,014 | 3,315 |
| Lease liabilities | 11 | 3 | 3 | 3 | 4 | 4 | 5 |
| Total current liabilities | 3,797 | 3,930 | 4,323 | 4,755 | 5,231 | 5,754 | 6,329 |
| Lease liability | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other long-term liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total long-term liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | 3,797 | 3,930 | 4,323 | 4,755 | 5,231 | 5,754 | 6,329 |
| Stockholders' equity/(deficit) | (3,498) | (3,779) | (4,171) | (4,599) | (5,071) | (5,590) | (6,161) |
| Total Liabilities and Stockholders' Equity | 298 | 150 | 152 | 156 | 160 | 164 | 168 |

## HISTORICAL STOCK PRICE



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