

Spectral Medical Inc.

Consolidated Statements of Financial Position

In thousands of Canadian dollars, except for share and per share data

	Notes	December 31, 2025	December 31, 2024
		\$	\$
Assets			
Current assets			
Cash	6	4,071	2,988
Trade and other receivables	7	205	451
Inventories	8	377	229
Prepayments and other assets	9	640	790
		5,293	4,458
Non-current assets			
Right-of-use-asset	10	321	444
Property and equipment	11	153	243
Intangible asset	12	333	175
Total assets		6,100	5,320
Liabilities			
Current liabilities			
Trade and other payables	14	2,484	2,769
Current portion of contract liabilities	15	693	380
Current portion of lease liability	10	136	129
Notes payable	16	16,435	14,425
Derivative liability	16	46,520	9,742
		66,268	27,445
Non-current liability			
Non-current portion of lease liability	10	235	371
Non-current portion of contract liabilities	15	4,564	5,049
Non-current portion of promissory notes	17	4,285	-
Non-current portion of interest accrual promissory note	17	470	-
Total liabilities		75,822	32,865
Shareholders' (deficiency) equity			
Share capital	19	95,933	90,566
Contributed surplus		10,220	10,149
Share-based compensation		12,266	11,196
Warrants		390	1,383
Deficit		(188,531)	(140,839)
Total shareholders' (deficiency) equity		(69,722)	(27,545)
Total liabilities and shareholders' (deficiency) equity		6,100	5,320

Spectral Medical Inc.

Consolidated Statements of Loss and Comprehensive Loss

In thousands of Canadian dollars, except for share and per share data

	Notes	2025 \$	2024 \$
Revenue	22, 15, 26	2,442	2,286
Expenses			
Cost of goods sold	26,8	737	819
Gross Profit		1,705	1,467
Raw materials and consumables used		379	754
Salaries and benefits	24	4,185	4,049
Consulting and professional fees		4,767	4,937
Regulatory and investor relations		779	666
Travel and entertainment		325	483
Facilities and communication		275	302
Insurance		383	420
Depreciation and amortization		178	178
Interest expense	10,16	5,164	3,177
Finance income promissory note	17	(5,389)	-
Foreign exchange (gain) and loss		(2,056)	1,933
Share-based compensation	19	2,119	1,675
Other expense		269	744
Fair value adjustment derivative liabilities	16	38,016	(2,456)
		49,394	16,862
Loss and comprehensive loss for the year from continuing operations		(47,689)	(15,395)
Loss from discontinued operations	5	(3)	(7)
Loss and comprehensive loss for the year		(47,692)	(15,402)
Basic and diluted loss from continuing operations per common share	20	(0.16)	(0.05)
Basic and diluted loss from discontinued operations per common share	20	(0.00)	(0.00)
Basic and diluted loss per common share	20	(0.16)	(0.05)
Weighted average number of common shares outstanding - basic and diluted	20	287,205,257	281,080,174

Spectral Medical Inc.

Consolidated Statements of Changes in Shareholders' (Deficiency) Equity

In thousands of Canadian dollars, except for share and per share data

	Notes	Issued capital		Contributed surplus	Share-based compensation	Warrants	Deficit	Total Shareholders' (deficiency) equity
		Number	\$	\$	\$	\$	\$	\$
Balance December 31, 2023		278,576,261	87,061	8,916	10,385	2,526	(125,437)	(16,549)
Balance January 1, 2024		278,576,261	87,061	8,916	10,385	2,526	(125,437)	(16,549)
Warrants exercised		982,500	618	-	-	(121)	-	497
Warrants issued		-	-	-	-	211	-	211
Warrants expired		-	-	1,233	-	(1,233)	-	-
Share options exercised		1,907,611	1,190	-	(535)	-	-	655
RSU released		114,210	50	-	(50)	-	-	-
Notes conversion	16	1,879,647	1,368	-	-	-	-	1,368
DSU exercise		855,978	279	-	(279)	-	-	-
Loss and comprehensive loss for the year		-	-	-	-	-	(15,402)	(15,402)
Share-based compensation	19	-	-	-	1,675	-	-	1,675
Balance December 31, 2024		284,316,207	90,566	10,149	11,196	1,383	(140,839)	(27,545)
Balance January 1, 2025		284,316,207	90,566	10,149	11,196	1,383	(140,839)	(27,545)
Share options exercised		1,811,050	1,564	-	(681)	-	-	883
RSU released		1,037,681	368	-	(368)	-	-	-
Warrants exercised		5,397,975	3,435	-	-	(922)	-	2,513
Warrants expired		-	-	71	-	(71)	-	-
Loss and comprehensive loss for the year		-	-	-	-	-	(47,692)	(47,692)
Share-based compensation	19	-	-	-	2,119	-	-	2,119
Balance December 31, 2025		292,562,913	95,933	10,220	12,266	390	(188,531)	(69,722)

Spectral Medical Inc.

Notes to the Consolidated Statements of Cash Flows

In thousands of Canadian dollars, except for share and per share data

	Notes	2025 \$	2024 \$
Cash flow provided by (used in)			
Operating activities			
Loss for the year		(47,692)	(15,402)
Adjustments for:			
Finance income on promissory note	17	(5,389)	
Depreciation on right-of-use asset	10	123	123
Depreciation on property and equipment	11	90	110
Amortization of intangible asset	12	37	18
Amortization and derivative related financing fees	16	254	823
Unrealized foreign exchange (gain) and loss		(2,056)	2,102
Interest expense on lease liability	10	26	32
Accreted Interest on notes payable	16	4,422	3,145
Accreted interest on promissory notes	17	245	-
Interest expense on promissory notes	17	470	-
Share-based compensation	19	2,119	1,675
Fair value adjustment derivative liabilities	16	38,016	(2,456)
Changes in items of working capital:			
Trade and other receivables	7	246	(265)
Inventories	8	(148)	137
Prepayments and other assets	9	150	(169)
Trade and other payables	14	(265)	(51)
Contract liabilities	15	(172)	1,360
Net cash used in operating activities		(9,524)	(8,818)
Investing activities			
Purchases of property and equipment	11	-	(27)
Purchase of technology	12	(195)	-
Net cash used in investing activities		(195)	(27)
Financing activities			
Financing charges paid	17	(207)	(766)
9% Convertible notes issued	16	-	9,897
Lease liability payments	10	(155)	(153)
Share options exercised	19	883	655
Share warrants exercised	19	2,513	497
Interest expense paid	19	(1,901)	(1,249)
Promissory notes issued	17	9,669	-
Net cash provided by financing activities		10,802	8,881
Increase (decrease) in cash		1,083	36
Cash, beginning of year		2,988	2,952
Cash, end of year		4,071	2,988