Spectral Medical Inc.

Condensed Interim Consolidated Statements of Financial Position

In CAD (000s), except for share and per share data

(Unaudited)

	Notes	June 30, 2026 $	December 31, 2025 $
Assets			
Current assets			
Cash		803	4,071
Trade and other receivables		427	205
Inventories		369	377
Prepayments and other assets		909	640
		2,508	**5,293**
Non-current assets			
Right-of-use-asset		259	321
Property and equipment		118	153
Intangible asset		305	333
Total assets		**3,190**	**6,100**
Liabilities			
Current liabilities			
Trade and other payables		3,086	2,484
Current portion of contract liabilities	6	426	693
Current portion of lease liability		140	136
Notes payable	7	18,829	16,435
Derivative Liability	7	39,740	46,520
		62,221	**66,268**
Non-current liability			
Non-current portion of lease liability		164	235
Non-current portion of contract liabilities	6	4,322	4,564
Non-current portion of promissory note	8	5,597	4,285
Non-current portion of interest accrual promissory note	8	953	470
Total liabilities		**73,257**	**75,822**
Shareholders' deficiency	10		
Share capital		96,828	95,933
Contributed surplus		10,220	10,220
Share-based compensation		13,633	12,266
Warrants		390	390
Deficit		(191,138)	(188,531)
Total shareholders' deficiency		**(70,067)**	**(69,722)**
Total liabilities and shareholders' deficiency		**3,190**	**6,100**

Spectral Medical Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

In CAD (000s), except for share and per share data

(Unaudited)

		Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
		$	$	$	$
Revenue	6	621	813	1,512	1,385
Expenses					
Cost of goods sold		228	232	421	357
Gross Profit		393	581	1,091	1,028
Raw materials and consumables used		118	59	225	201
Salaries and benefits	14	1,098	1,025	2,066	2,081
Consulting and professional fees		547	1,314	1,406	2,581
Regulatory and investor relations		155	136	360	266
Travel and entertainment		139	98	215	175
Facilities and communication		89	30	188	88
Insurance		101	82	205	183
Depreciation and amortization		41	26	84	67
Interest expense	7,8	1,730	1,175	3,330	2,258
Finance income promissory note	8	(639)	(3,137)	(639)	(3,137)
Foreign exchange(gain) loss		1,363	(1,546)	2,646	(1,583)
Share-based compensation	10	293	306	1,914	1,567
Other expense		70	57	121	116
Fair value adjustment derivative liabilities	7	(5,043)	2,889	(8,426)	10,701
		62	2,514	3,695	15,564
Income (loss) and comprehensive loss for the period from continuing operations		331	(1,933)	(2,604)	(14,536)
Loss from discontinued operations	4	-	-	(3)	(3)
Income (loss) and comprehensive loss for the period		331	(1,933)	(2,607)	(14,539)
Basic and diluted income (loss)from continuing operations per common share	11	0.00	(0.00)	(0.01)	(0.05)
Basic and diluted income (loss) from discontinued operations per common share	11	0.00	(0.00)	(0.00)	(0.00)
Basic and diluted income (loss) per common share	11	0.00	(0.00)	(0.01)	(0.05)
Weighted average number of common shares outstanding - basic and diluted	11	293,429,976	284,906,444	293,327,875	284,801,035

Spectral Medical Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

In CAD (000s), except for share and per share data

(Unaudited)

	Notes	Number of Shares	Share Capital $	Contributed surplus $	Share-based compensation $	Warrants $	Deficit $	Total Shareholders' (deficiency) equity $
Balance January 1, 2025		**284,316,207**	**90,566**	**10,149**	**11,196**	**1,383**	**(140,839)**	**(27,545)**
Warrants exercised		97,341	63	-	-	(16)	-	47
Share Options Exercised	10	831,882	472	-	(179)	-	-	293
RSU released	10	574,269	100	-	(100)	-	-	-
Loss and comprehensive loss for the period		-	-	-	-	-	(14,539)	(14,539)
Share-based compensation	10	-	-	-	1,567	-	-	1,567
Balance June 30, 2025		**285,819,699**	**91,201**	**10,149**	**12,484**	**1,367**	**(155,378)**	**(40,177)**
Warrants exercised	10	5,300,634	3,372	-	-	(906)	-	2,466
Warrants expired	10	-	-	71	-	(71)	-	-
Share Options Exercised	10	979,168	1,092	-	(502)	-	-	590
RSU released	10	463,412	268	-	(268)	-	-	-
Loss and comprehensive loss for the period		-	-	-	-	-	(33,153)	(33,153)
Share-based compensation	10	-	-	-	552	-	-	552
Balance December 31, 2025		**292,562,913**	**95,933**	**10,220**	**12,266**	**390**	**(188,531)**	**(69,722)**
Balance January 1, 2026		**292,562,913**	**95,933**	**10,220**	**12,266**	**390**	**(188,531)**	**(69,722)**
Share Options Exercised	10	684,531	637	-	(289)	-	-	348
RSU released	10	306,530	258	-	(258)	-	-	-
Loss and comprehensive loss for the period		-	-	-	-	-	(2,607)	(2,607)
Share-based compensation	10	-	-	-	1,914	-	-	1,914
Balance June 30, 2026		**293,553,974**	**96,828**	**10,220**	**13,633**	**390**	**(191,138)**	**(70,067)**

Spectral Medical Inc.

Condensed Interim Consolidated Statements of Cash Flows

In CAD (000s), except for share and per share data

(Unaudited)

	Notes	Six months ended June 30, 2026 $	Six months ended June 30, 2025 $
Cash flow provided by (used in)			
Operating activities			
Loss for the period		(2,607)	(14,539)
Adjustments for:			
Finance income on Promissory Note		(639)	(3,137)
Depreciation on right-of-use asset		62	62
Depreciation on property and equipment		35	47
Amortization of intangible asset		28	8
Amortization and Derivative related financing fee	7	127	127
Unrealized foreign exchange (gain) and loss		2,646	(1,583)
Interest expense on lease liability		10	(4)
Accreted interest on Notes Payable	7	2,492	2,136
Accreted interest on Promissory Note	8	345	32
Interest expense on Promissory Note	8	483	76
Share-based compensation	10	1,914	1,567
Fair value adjustment derivative liabilities		(8,426)	10,701
Changes in items of working capital:			
Trade and other receivables		(221)	145
Inventories		8	(15)
Prepayments and other assets		(269)	(144)
Trade and other payables		71	481
Contract liabilities	6	(509)	(112)
Net cash used in operating activities		(4,450)	(4,152)
Investing activities			
Purchase of Technology		-	(167)
Net cash used in investing activities		-	(167)
Financing activities			
Financing charges paid on promissory notes		(5)	(202)
Interest expense paid		(453)	(1,161)
Lease liability payments		(77)	(60)
Share options exercised	10	348	293
Share warrants exercised	10	-	47
Promissory Note		1,369	5,514
Net cash used in financing activities		1,182	4,431
Increase in cash		(3,268)	112
Cash, beginning of period		4,071	2,988
Cash, end of period		803	3,100