

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

31 DECEMBER 2025 RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to year ended 31 December 2024)

A commentary on the results for the period:

Total revenue for the year was \$292,309 compared to \$959,424 for the prior corresponding period (“PCP”) due to decreased product sales, largely driven by decreased sales of third-party equipment and the Company’s consumable devices. Consumable device sales during 2025 were impacted by European customer sites enrolling patients in our VISABL-AFL clinical trial, which are non-revenue generating, whereas those same sites were treating patients in commercial procedures during the PCP. Total product sales of \$208,376 were down \$558,208, or 73%, compared to the PCP.

The net loss for the year decreased to \$25,318,562 compared to \$29,692,831 for the PCP due primarily to the smaller charge for the change in fair value of the convertible note and derivative liability, which was partially offset by the foreign currency exchange gain. When adjusting for these items, net loss for the year was 33% more compared to the PCP.

	2025	2024
GAAP net loss	(\$25,318,562)	(\$29,692,831)
Plus: Fair value change of financial instruments	5,837,602	14,138,191
Less: Foreign currency gain	(1,509,925)	(197,867)
Adjusted net loss	(\$20,990,885)	(\$15,752,507)

During 2025, the Company made strategic investments in sales and marketing capabilities, resulting in increased personnel costs as it expanded the European field sales team to support the launch of the NorthStar Mapping System and second-generation consumable devices in the European market. Additionally, the Company began initial hiring of U.S. sales and marketing staff to support commercial activities following U.S. Food and Drug Administration (“FDA”) approval.

Growth in research and development (R&D) investment was primarily driven by the hiring of personnel in our engineering, clinical, regulatory, and quality teams to support ongoing efforts toward FDA approval in the United States. The expanded teams enabled the Company’s progression with the VISABL-VT and VISABL-AFL clinical trials, with timing of related costs contributing to the increase in R&D expenses. Additionally, the Company made tangible progress with regulatory approvals, highlighted by the submission of the NorthStar Mapping System and Vision-MR Diagnostic Catheter for market clearance under the FDA’s 510(k) premarket notification pathway; both devices received market clearance in January 2026, shortly after year end. These accomplishments position the Company for growth as it continues to pursue regulatory clearances and expand commercial operations in key markets.

The Company had cash and cash equivalents of \$19,502,348 and marketable securities of \$21,277,609 at 31 December 2025. Total liquidity, defined as cash and cash equivalents plus marketable securities, was \$40,779,957 at 31 December 2025, compared to cash and cash equivalents of \$15,707,739 at 31 December 2024. Net cash flow from financing activities for the year was \$43,046,377 largely comprising proceeds received from a placement in March 2025.

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Please refer to our audited financial statements, with accompanying notes, which are attached hereto.

	\$USD	up/down	% movement
Revenue from ordinary activities	\$292,309	down	69.53%
Loss after tax from ordinary activities attributable to members	(\$25,318,562)	down	14.73%
Net loss attributable to members	(\$25,318,562)	down	14.73%

Net tangible asset backing	31 Dec 2025	31 Dec 2024
	\$USD	\$USD
Net tangible asset per share of common stock	\$0.04	(\$0.03)
Net tangible asset per CDI	\$0.04	(\$0.03)

Dividend information	Amount per security	Franked amount per security	Tax rate for franking credit
	\$USD	\$USD	
Dividend	Nil	Nil	N/A
Previous corresponding dividend	Nil	Nil	N/A

- **Annual financial results:**

This report is based on the accompanying 2025 Financial Statements which have been audited by BDO USA, P.C. with the Independent Auditor's Report included in the 2025 Financial Statements.

- **Changes in control over entities:**

Imricor B.V., a wholly owned subsidiary of Imricor Medical Systems, Inc., was formed on 11 March 2025, to engage in research and development activities. Expenses incurred for the year ended 31 December 2025 related to Imricor B.V. are not material to the financial statements.

- **Details of dividends and dividend reinvestment plans:**

No dividends have been declared or proposed.

- **Details of associates or joint ventures:**

N/A

- **Set of accounting standards used in compiling the report:**

The audited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (US GAAP) and are denominated in U.S. dollars.

- **Details of audit disputes or audit qualification:**

Not applicable

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IMRICOR MEDICAL SYSTEMS, INC.
Minneapolis, Minnesota

Including Independent Auditor's Report

As of and for the years ended December 31, 2025 and 2024

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IMRICOR MEDICAL SYSTEMS, INC.

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Independent Auditor's Report

Stockholders and Board of Directors
Imricor Medical Systems, Inc.
Burnsville, Minnesota

Opinion

We have audited the consolidated financial statements of Imricor Medical Systems, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

February 24, 2026

IMRICOR MEDICAL SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2025 and 2024

	ASSETS	
	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,502,348	\$ 15,707,739
Marketable securities	21,277,609	-
Accounts receivable	240,866	345,342
Inventory	1,096,065	1,502,048
Prepaid expenses and other current assets	799,786	794,308
Total Current Assets	42,916,674	18,349,437
ACCOUNTS RECEIVABLE, LONG TERM	95,673	141,430
PROPERTY AND EQUIPMENT, NET	1,538,460	1,878,751
INVENTORY, LONG TERM	415,383	327,721
OTHER ASSETS	186,291	208,212
OPERATING LEASE RIGHT OF USE ASSETS	604,256	718,379
TOTAL ASSETS	\$ 45,756,737	\$ 21,623,930
	LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES		
Accounts payable	\$ 496,073	\$ 334,870
Accrued expenses	1,619,954	1,493,095
Current portion of convertible notes (related party)	11,745,700	-
Option liabilities	3,157,717	-
Current portion of contract liabilities	34,035	59,519
Current portion of operating lease liabilities	317,153	259,292
Current portion of financing obligation	-	209,137
Total Current Liabilities	17,370,632	2,355,913
LONG-TERM LIABILITIES		
Convertible notes, net of current portion (related party)	13,268,500	19,869,700
Option liabilities	-	3,135,000
Warrant liabilities	1,828,677	1,532,067
Contract liabilities, net of current portion	1,085,753	1,098,533
Operating lease liabilities, net of current portion	634,043	875,553
Other long-term liabilities	45,828	134,197
Total Liabilities	34,233,433	29,000,963
COMMITMENTS AND CONTINGENCIES (NOTE 6)		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, \$0.0001 par value:		
25,000,000 shares authorized and 0 shares outstanding as of both December 31, 2025 and 2024	-	-
Common stock, \$0.0001 par value:		
535,000,000 shares authorized as of both December 31, 2025 and 2024 and 320,947,028 and 270,175,766 shares issued and outstanding as of December 31, 2025 and 2024, respectively	32,096	27,018
Additional paid-in capital	179,089,487	134,875,666
Accumulated deficit	(167,598,279)	(142,279,717)
Total Stockholders' Equity (Deficit)	11,523,304	(7,377,033)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 45,756,737	\$ 21,623,930

See accompanying notes to the consolidated financial statements

IMRICOR MEDICAL SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2025 and 2024

	2025	2024
REVENUES		
Product revenue	\$ 208,376	\$ 766,584
Service revenue	83,933	77,091
Consulting revenue	-	115,749
Total Revenues	<u>292,309</u>	<u>959,424</u>
COSTS AND EXPENSES		
Cost of goods sold	2,325,837	1,883,542
Sales and marketing	4,300,264	2,272,044
Research and development	11,155,766	8,180,184
General and administrative	5,301,396	4,920,466
Total Costs and Expenses	<u>23,083,263</u>	<u>17,256,236</u>
Loss from Operations	<u>(22,790,954)</u>	<u>(16,296,812)</u>
OTHER INCOME (EXPENSE)		
Interest income	1,180,294	257,718
Government grant income	658,546	325,332
Foreign currency exchange gain	1,509,925	197,867
Interest expense	(4,169)	(20,065)
Change in fair value of convertible notes (related party)	(5,144,500)	(11,416,400)
Change in fair value of option liabilities	(396,491)	(1,842,240)
Change in fair value of warrant liabilities	(296,610)	(879,551)
Other Expense	(34,603)	(18,680)
Total Other Income (Expense)	<u>(2,527,608)</u>	<u>(13,396,019)</u>
NET LOSS	<u>\$ (25,318,562)</u>	<u>\$ (29,692,831)</u>
EARNINGS PER SHARE:		
Basic and diluted loss per common share	\$ (0.08)	\$ (0.13)
Basic and diluted weighted average shares outstanding	308,748,911	223,999,081

See accompanying notes to the consolidated financial statements

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IMRICOR MEDICAL SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2025 and 2024

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
BALANCES, December 31, 2023	168,918,134	\$ 16,893	\$ 103,816,628	\$ (112,586,886)	\$ (8,753,365)
Stock-based compensation expense	-	-	68,769	-	68,769
Issuance of common stock and restricted stock, net of issuance costs of \$1,905,897	101,257,632	10,125	30,990,269	-	31,000,394
Net loss	-	-	-	(29,692,831)	(29,692,831)
BALANCES, December 31, 2024	270,175,766	\$ 27,018	\$ 134,875,666	\$ (142,279,717)	\$ (7,377,033)
Stock-based compensation expense	-	-	589,611	-	589,611
Issuance of common stock and restricted stock, net of issuance costs of \$1,313,030	49,766,651	4,977	42,821,194	-	42,826,171
Exercise of options, net of issuance costs of \$3,866	1,004,611	101	803,016	-	803,117
Net loss	-	-	-	(25,318,562)	(25,318,562)
BALANCES, December 31, 2025	320,947,028	\$ 32,096	\$ 179,089,487	\$ (167,598,279)	\$ 11,523,304

See accompanying notes to the consolidated financial statements

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IMRICOR MEDICAL SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (25,318,562)	\$ (29,692,831)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	798,715	748,165
Stock-based compensation expense	589,611	68,769
Loss (gain) on disposal of property and equipment	25,673	(2,423)
Change in inventory reserves	400,167	60,866
Amortization of right-of-use assets	196,542	172,872
Services performed in exchange for property and equipment	-	(100,000)
Foreign currency exchange gain	(1,509,925)	(197,867)
Change in fair value of related party convertible notes	5,144,500	11,416,400
Change in fair value of option liabilities	396,491	1,842,240
Change in fair value of warrant liabilities	296,610	879,551
Changes in assets and liabilities		
Accounts receivable	151,580	66,277
Inventory	(129,846)	453,877
Prepaid expenses and other assets	16,443	210,586
Accounts payable and other liabilities	41,739	(1,746,136)
Accrued expenses	126,859	702,373
Lease liabilities	(269,490)	(237,019)
Contract liabilities	(38,264)	(219,610)
Net Cash Flows used in Operating Activities	<u>(19,081,157)</u>	<u>(15,573,910)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(434,287)	(77,976)
Proceeds from sale of property and equipment	-	3,000
Purchases of marketable securities	(28,683,359)	-
Proceeds from maturity of marketable securities	7,405,750	-
Net Cash Flows used in Investing Activities	<u>(21,711,896)</u>	<u>(74,976)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock and restricted stock	44,139,201	32,906,291
Issuance costs of common stock and restricted stock	(1,313,030)	(1,905,897)
Proceeds from exercise of options, net of expenses	429,343	-
Payment on promissory note	-	(386,452)
Payments on finance lease liability	-	(65,999)
Proceeds from financing obligation	-	344,050
Payments on financing obligation	(209,137)	(557,779)
Net Cash Flows provided by Financing Activities	<u>43,046,377</u>	<u>30,334,214</u>
Net change in cash and cash equivalents	2,253,324	14,685,328
Cash and cash equivalents - beginning of year	15,707,739	831,522
Effect of foreign currency exchange rate changes on cash and cash equivalents	1,541,285	190,889
Cash and cash equivalents - end of year	<u>\$ 19,502,348</u>	<u>\$ 15,707,739</u>
Supplemental cash flow disclosure		
Cash paid for interest	\$ 4,169	\$ 22,855
Noncash investing and financing activities		
Transfer from inventory to property and equipment	\$ 48,000	\$ 175,207
Property and equipment obtained in exchange for services	\$ -	\$ 100,000
Property and equipment included in accounts payable	\$ 1,810	\$ -
Operating lease right of use assets in exchange for operating lease liability	\$ 82,419	\$ -
Fair value adjustment for for liability-classified options and warrants exercised	\$ 373,774	\$ -

See accompanying notes to the consolidated financial statements

IMRICOR MEDICAL SYSTEMS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 As of and for the years ended December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies

Nature of Operations and Basis of Presentation

Imricor Medical Systems, Inc. is a U.S.-based medical device company that, along with its wholly-owned subsidiary, Imricor B.V. (together, “Imricor” and the “Company”), seeks to address the current issues with traditional x-ray-guided ablation procedures through the development of Magnetic Resonance Imaging (“MRI”) guided technology. Incorporated in the State of Delaware in 2006, the Company’s principal focus is the design, manufacturing, sale, and distribution of MRI-compatible products for use in Interventional Cardiac Magnetic Resonance (“iCMR”) guided ablation procedures. Imricor’s technology utilizes an intellectual property (“IP”) portfolio that includes technology developed in-house, as well as IP originating from Johns Hopkins University, Koninklijke Philips N.V., and Livetec Ingenieurbuero, GmbH. The Company is headquartered in Burnsville, Minnesota, where it has development and manufacturing facilities. The Company’s primary product offering is the Vision-MR Ablation Catheter, which is specifically designed to work under real-time MRI guidance, with the intent of enabling higher success rates along with a faster and safer treatment compared to conventional procedures using x-ray guided catheters. Historically, Imricor generated revenue from licensing some of its IP for use in implantable devices and performing contract research but expects to generate most of its future revenue from the sale of the MRI-compatible products it has developed for use in cardiac catheter ablation procedures (comprising single-use consumables and capital equipment). The Company has obtained CE mark approval to place its key products on the market in the European Union under the European Union’s Medical Device Regulation (“EU MDR”), including the Advantage-MR EP Recorder/Stimulator System, Vision-MR Ablation Catheter, Vision-MR Diagnostic Catheter, and NorthStar Mapping System.

The Company has prepared the accompanying consolidated financial statements and notes in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The consolidated financial statements include the accounts of Imricor Medical Systems, Inc. and its wholly-owned subsidiary, Imricor B.V. All intercompany transactions and balances have been eliminated in consolidation.

The Company’s consolidated financial statements and notes are presented in United States dollars, unless otherwise noted, which is also the functional currency.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in depository accounts, money market funds, and time deposits. The Company considers cash invested in highly liquid financial instruments with original maturities of three months or less at the date of purchase to be cash equivalents. The Company holds cash with high quality financial institutions and, at times, such balances are in excess of federal insurance limits.

Cash and cash equivalents consisted of the following as of December 31:

	2025	2024
Cash and cash equivalents		
Cash	\$ 1,637,496	\$ 517,765
Money market funds	7,472,940	14,251,177
Time deposits	10,391,912	938,797
Total cash and cash equivalents	\$ 19,502,348	\$ 15,707,739

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IMRICOR MEDICAL SYSTEMS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 As of and for the years ended December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies (cont.)

Marketable Securities

The Company's marketable securities consist of investments in U.S. Treasury bills with original maturities greater than three months from the date of purchase. These securities are classified as held-to-maturity debt securities because the Company has the positive intent and ability to hold them to maturity. Held-to-maturity securities are recorded at amortized cost, adjusted for any allowance for credit losses, with securities having remaining maturities of less than one year classified as current on the consolidated balance sheets.

The Company evaluates held-to-maturity securities for expected credit losses using a qualitative assessment methodology. As of December 31, 2025, no allowance for credit losses was required. U.S. Treasury bills are backed by the full faith and credit of the U.S. government and are considered to have minimal credit risk.

The Company excludes accrued interest from the amortized cost basis of held-to-maturity debt securities. Accrued interest totaled \$117,949 as of December 31, 2025. Accrued interest is included in prepaid expenses and other current assets on the consolidated balance sheets. The Company recognizes interest income through accretion of the discount from the purchase price to par value over the holding period. Discount accretion is recognized in interest income on the consolidated statements of operations.

The following table summarizes the gross unrealized gains and losses related to the Company's held-to-maturity marketable securities as of and for the year ended December 31:

	2025			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (losses)	
Marketable securities				
U.S. Treasury bills	\$ 21,277,609	\$ 98,006	\$ -	\$ 21,375,615
Total marketable securities	<u>\$ 21,277,609</u>	<u>\$ 98,006</u>	<u>\$ -</u>	<u>\$ 21,375,615</u>

The Company held no marketable securities as of December 31, 2024. Fair value is measured using Level 2 inputs (prices for similar assets or liabilities that are directly or indirectly observable in the marketplace). All held-to-maturity U.S. Treasury bills had remaining maturities of less than one year as of December 31, 2025. Purchases and maturities of held-to-maturity securities are presented within cash flows from investing activities in the consolidated statements of cash flows.

Accounts Receivable and Customer Concentrations

Accounts receivable are unsecured, are recorded net of amounts expected for credit losses, and do not bear interest except if a revenue transaction has a significant financing component. The Company reviews the allowance for credit losses by considering factors such as historical experience, current economic conditions that may affect a customer's ability to pay, and reasonable and supportable forecasts. Payment is generally due 30 days from the invoice date. When all collection efforts have been exhausted, the account is written off against the related allowance. To date the Company has not experienced any significant write-offs or significant deterioration of its accounts receivable aging, and therefore, no allowance for credit losses was considered necessary as of December 31, 2025 or 2024.

As of December 31, 2025 and 2024, the Company had total current and long-term accounts receivable of \$336,539 and \$486,772, respectively, of which \$95,673 and \$141,430 was included in long-term accounts receivable as of December 31, 2025 and 2024, respectively. Accounts receivable includes unbilled receivables of \$45,757 and \$44,424 as of December 31, 2025 and 2024, respectively, which represents the current portion of minimum royalties due to the Company during the following year. The long-term accounts receivable relates to minimum royalties due to the Company beyond twelve months from the respective balance sheet date.

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IMRICOR MEDICAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the years ended December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies (cont.)

The following table sets forth information related to accounts receivable for the years ended December 31:

	2025	2024
Balance at January 1	\$ 486,772	\$ 578,411
Decrease from accounts receivable collected	(189,855)	(396,445)
Increase for accounts receivable not yet collected	39,622	304,806
Balance at December 31	\$ 336,539	\$ 486,772

During the year ended December 31, 2025, the Company had sales from 2 customers that accounted for 40% and 39% of revenue and accounts receivable from 3 customers that represented 65%, 19%, and 15% of the accounts receivable balance. During the year ended December 31, 2024, the Company had sales from 4 customers that accounted for 19%, 17%, 16%, and 15% of revenue and accounts receivable from 4 customers that represented 45%, 17%, 13%, and 12% of the accounts receivable balance.

Inventory

Inventories are stated at the lower of cost or net realizable value, with cost determined on the first-in, first-out (“FIFO”) method. The establishment of allowances for excess and obsolete inventories is based on historical usage and estimated exposure on specific inventory items. Inventories are as follows:

	2025	2024
Inventory - Current Portion		
Raw materials	\$ 292,566	\$ 501,766
Work in process	103,215	228,396
Finished goods	700,284	771,886
Total Inventory - Current Portion	1,096,065	1,502,048
Inventory - Long-term		
Raw materials	415,383	231,721
Finished goods	-	96,000
Total Inventory - Long-term	415,383	327,721
Total Inventory	\$ 1,511,448	\$ 1,829,769

The Company utilizes significant estimates in determining the realizable value of its inventory, including the future revenue forecasts that will result in product sales. These estimates have a corresponding impact on the inventory values recorded as of December 31, 2025 and 2024. Management continually evaluates the likelihood of future sales based on current economic conditions, expiration timing of products, and product design changes prior to sale of product on hand. If actual conditions are less favorable than those the Company has projected, it may need to increase its reserves for excess and obsolete inventories. Any increases in the Company’s reserves will adversely impact its results of operations. The establishment of a reserve for excess and obsolete inventory establishes a new cost basis in the inventory. Future sales of inventory on hand at December 31, 2025 will result in recognition of cost of sales based on initial inventory costs, net of reserves taken for expected realization values. For the years ended December 31, 2025 and 2024, the Company recorded inventory reserves of \$400,167 and \$60,866, respectively.

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IMRICOR MEDICAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the years ended December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment are stated at cost. Additions and improvements that extend the lives of assets are capitalized, while expenditures for repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is computed on a straight-line basis over the shorter of the estimated useful lives of the related assets or life of the lease.

The standard estimated useful lives of property and equipment are as follows:

Office furniture and equipment	5 years
Lab and production equipment	5 years
Computer equipment	3 - 5 years
MRI scanner	7 years
Leasehold improvements	Lesser of useful life or remaining lease term

The Company reviews property and equipment and right of use assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the impairment tests indicate that the carrying value of the asset, or asset group, is greater than the expected undiscounted cash flows to be generated by such asset or asset group, further analysis is performed to determine the fair value of the asset or asset group. To the extent the fair value of the asset or asset group is less than its carrying value, an impairment loss is recognized equal to the amount the carrying value of the asset or asset group exceeds its fair value. The Company generally measures fair value by considering sale prices for similar assets or asset groups, or by discounting estimated future cash flows from such assets or asset groups using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of assets or asset groups, and accordingly, actual results could vary significantly from such estimates. Assets to be disposed of would be reported at the lower of the carrying amount or fair value less costs to sell. To date, the Company has not recognized any impairment loss for property and equipment and right of use assets.

Leases

At the inception of a contract, the Company determines whether the contract is or contains a lease based on all relevant facts and circumstances. Leases with a term greater than 12 months are recognized in the consolidated balance sheets as right of use (“ROU”) assets and corresponding current and non-current lease liabilities. Amounts expected to be paid within 12 months are classified as current lease liabilities, with the remainder classified as non-current lease liabilities. The Company has elected not to recognize leases with terms of 12 months or less on the consolidated balance sheets. Lease payments for short-term leases are recognized as an expense on a straight-line basis over the lease term. The Company includes lease option extensions in the assessment of the lease arrangement when it is reasonably certain the option will be exercised.

ROU assets and the corresponding lease liabilities are recorded based on the present value of lease payments to be made over the lease term. The discount rate used to calculate the present value is the rate implicit in the lease, or if not readily determinable, the Company’s incremental borrowing rate. The Company’s incremental borrowing rate is the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment. Certain adjustments to the ROU asset may be required for items such as initial direct costs or incentives received. See Note 5 for additional disclosure on leases.

For all asset classes of its leases, the Company has elected to account for the lease and non-lease components together for all classes of underlying assets.

IMRICOR MEDICAL SYSTEMS, INC.
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As of and for the years ended December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies (cont.)

Research and Development Costs

The Company expenses research and development costs as incurred.

Nonmonetary Transaction

The Company had a nonmonetary exchange with a vendor whereby the vendor provided equipment to the Company in exchange for space to display the vendor's product at the Company's booths at two tradeshows during the year ended December 31, 2024. The Company is using the equipment for research and development activities. The transaction was recorded with an addition of \$100,000 to Property and equipment on the consolidated balance sheets and an equal reduction to sales and marketing expense on the consolidated statements of operations.

Other Assets

Other assets on the consolidated balance sheets include security deposits related to the Company's operating leases, an equity investment, a derivative asset, and a prepaid expense. The balance is made up of the following as of December 31:

	December 31,	
	2025	2024
Security deposit	\$ 60,488	\$ 52,597
Equity investment	69,560	69,560
Derivative asset	56,243	56,243
Prepaid expense	-	29,812
	<u>\$ 186,291</u>	<u>\$ 208,212</u>

The equity investment of \$69,560 is held at cost. There have been no impairment losses or observable price changes recognized for the years ended December 31, 2025 and 2024.

Patents

Expenditures for patent costs are charged to operations as incurred.

Income Taxes

Income taxes are recorded under the liability method. Deferred income taxes are provided for temporary differences between financial reporting and tax bases of assets and liabilities. Deferred tax assets are reduced by a valuation allowance to the extent the realization of the related deferred tax asset is not assured.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Loss per Share

Basic loss per share is computed by dividing net loss by the weighted average shares outstanding during the reporting period. The weighted average common shares outstanding were 308,748,911 and 223,999,081 for the years ended December 31, 2025 and 2024, respectively.

IMRICOR MEDICAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the years ended December 31, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies (cont.)

Dilutive net income (loss) per share assumes the exercise and issuance of all potential common stock equivalents in computing the weighted-average number of common shares outstanding, unless their effect is antidilutive. The computation of dilutive net income (loss) per share attributable to common stockholders assumes the potential dilutive effect of potential common stock, which includes common stock consisting of (a) stock options and warrants using the treasury stock method, and (b) convertible notes using the if-converted method. The effects of including incremental shares associated with stock options, warrants, and convertible notes outstanding are anti-dilutive due to the net loss incurred and are not included in the diluted weighted average number of shares of common stock outstanding for the years ended December 31, 2025 and 2024.

The table below provides potentially dilutive securities not included in the calculation of the diluted net loss per share for the years ended December 31 because to do so would be anti-dilutive:

	2025	2024
Exercise of stock options	38,959,160	31,255,170
Conversion of convertible notes (related party)	24,763,181	22,427,625
Exercise of warrants	5,216,158	5,216,158
Total	68,938,499	58,898,953

Foreign Currency Exchange Gains (Losses)

As of December 31, 2025, the Company had cash accounts denominated in Euros and Australian dollars, accounts payable that are denominated in Australian dollars and Euros, lease liabilities denominated in Euros, and accounts receivable denominated in Euros and Hungarian forint. As of December 31, 2024, the Company had cash accounts denominated in Euros and Australian dollars, accounts payable that were denominated in Australian dollars, Euros, and Hungarian forint, lease liabilities denominated in Euros, and accounts receivable denominated in Euros and Hungarian forint. These assets and liabilities have been remeasured into U.S. dollars at year-end exchange rates. Foreign currency exchange gains of \$1,509,925 and \$197,867 for the years ended December 31, 2025 and 2024, respectively, are included in the consolidated statements of operations within other expense.

The increase in foreign currency exchange gain for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily reflects the effect of changes in the Australian dollar exchange rate on the Company's cash balances denominated in that currency. Consistent with this, the effect of foreign currency exchange rate changes on cash and cash equivalents reported in the consolidated statements of cash flows was \$1,541,285 for the year ended December 31, 2025; this amount includes \$819,371 of realized gains as of December 31, 2025.

Revenue Recognition

In order for an arrangement to be considered a contract, it must be probable that the Company will collect the consideration to which it is entitled for goods or services to be transferred. The Company then assesses the goods or services promised within the contract to determine whether each promised good or service is a performance obligation. Performance obligations are promises in a contract to transfer a distinct good or service to the customer that (i) the customer can benefit from on its own or together with other readily available resources, and (ii) is separately identifiable from other promises in the contract.

The Company determines the transaction price based on the amount of consideration the Company expects to receive for providing the promised goods or services in the contract. Consideration may be fixed, variable, or a combination of both.

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NOTE 1 – Summary of Significant Accounting Policies (cont.)

At contract inception for arrangements that include variable consideration, the Company estimates the probability and extent of consideration it expects to receive under the contract utilizing either the most likely amount method or expected amount method, whichever best estimates the amount expected to be received. The Company then considers any constraints on the variable consideration and includes in the transaction price variable consideration to the extent it is deemed probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company's product revenue is derived from sales of both capital equipment and single-use consumables used in iCMR-guided cardiac ablation procedures. Capital equipment includes the Company's systems such as the Advantage-MR EP Recorder/Stimulator System and NorthStar Mapping System as well as related third-party equipment, while consumables primarily comprise the Company's catheters, including the Vision-MR Ablation Catheter and Vision-MR Diagnostic Catheter, and related accessories.

For equipment and consumable product sales that contain a single performance obligation, the Company recognizes revenue when control is transferred to the customer. This occurs at a point in time when title to the goods and risk of loss transfers. The transaction price is based on invoice price, net of any variable consideration.

When accounting for a contract that contains multiple performance obligations, the Company must develop judgmental assumptions to determine the estimated standalone selling price ("SSP") for each performance obligation identified in the contract. The Company utilizes the observable SSP when available, which represents the price charged for the promised product or service when sold separately. When the SSP for the Company's products or services are not directly observable, the Company determines the SSP using relevant information available and applies suitable estimation methods including, but not limited to, the cost-plus margin approach. The Company then allocates the transaction price to each performance obligation based on the relative SSP and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) control is transferred to the customer and the performance obligation is satisfied.

Revenue from service contracts is recognized over the contract period on a straight-line basis, as the customer benefits from the services throughout the service contract period.

Revenue is derived from both domestic and foreign countries. Sales tax and value added taxes in foreign jurisdictions that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales. Product sales include shipment and handling fees charged to customers. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of goods sold.

As of December 31, 2025, \$129,794 of a contract's transaction price was allocated to an unsatisfied performance obligation. The Company expects to recognize the revenue related to these performance obligations during 2026.

Royalties

On June 1, 2012, the Company licensed certain intellectual property to a customer which included a royalty of 3% of product sales, subject to a minimum of \$50,000 per year through 2028. The minimum guaranteed royalties were recognized upon the execution of the license agreement as these proceeds were not variable consideration. The remaining minimum royalty payments to be received, less the portion which represents future interest expected to be received within 12 months is included in Accounts receivable and the amounts expected to be received in future periods beyond 12 months are included in Accounts receivable, long term. Any royalties received in the future which are more than the minimum guaranteed royalty will be recognized when they are earned.

IMRICOR MEDICAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 1 – Summary of Significant Accounting Policies (cont.)

Consulting Revenue

The Company recognizes revenue for consulting over time using the “as invoiced” practical expedient, except for in certain instances where billings are made in advance of the satisfaction of performance obligations.

The Company did not recognize any consulting revenue during the year ended December 31, 2025. During the year ended December 31, 2024, the Company recognized consulting revenue of \$115,749, including \$60,000 related to work performed to develop a prototype version of the Company’s catheter that is compatible with a GE Healthcare MRI system and \$55,749 related to work performed with a research institution utilizing the Company’s MRI scanner.

Contract Liabilities

In 2013, the Company licensed certain intellectual property to a customer in exchange for an upfront non-refundable license fee and milestone payments, which can total up to \$7,000,000. The Company collected \$6,000,000 of these milestone payments, including the non-refundable license fee, on or before October 2016. A total of \$373,333 of this amount is deferred as of December 31, 2025 and 2024. The customer sold the portion of the business which held this license in May 2018, and the license has been assigned to the purchaser. The project is still on hold with no plans to work on final development during the next 12 months, and therefore, the contract liability is included in long-term liabilities as of December 31, 2025 and 2024.

The Company invoices its customers for product revenue and consulting revenue based on the billing schedules in its sales arrangements. Service contracts are billed in advance, prior to the services having been performed, and the associated deferred revenue is recognized over the term of the service contract period.

Amounts received prior to satisfying the above revenue recognition criteria are recorded as contract liabilities in the accompanying consolidated balance sheets, with the contract liabilities to be recognized beyond one year being classified as non-current contract liabilities. As of December 31, 2025 and 2024, the Company had total current and long-term contract liabilities of \$1,119,788 and \$1,158,052, respectively, of which \$1,085,753 and \$1,098,533 was included in long-term liabilities as of December 31, 2025 and 2024, respectively. As of December 31, 2025, the Company expects to recognize the balance included in long-term liabilities at an indeterminable time. The decrease in contract liabilities is due to recognition of revenue for completion of performance obligations that were included in contract liabilities at the beginning of the period.

The following table sets forth information related to the contract liabilities for the years ended December 31:

	2025	2024
Balance at January 1	\$ 1,158,052	\$ 1,377,662
Decrease from revenue recognized for completion of performance obligations that were included in contract liabilities at the beginning of the period included in:		
Product revenue	-	(166,046)
Service revenue	(49,529)	(24,879)
Consulting revenue	-	(55,749)
Increase for revenue deferred as the performance obligation has not been satisfied related to:		
Service revenue	11,265	27,064
Balance at December 31	\$ 1,119,788	\$ 1,158,052

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 1 – Summary of Significant Accounting Policies (cont.)

Derivative Asset, Option Liabilities, and Warrant Liabilities

The Capital Commitment Agreement (“Agreement”) with GEM Global Yield LLC SCS (“GGY”) (discussed further in Note 9) meets the definition of a derivative and was recorded upon issuance within other assets on the consolidated balance sheets at fair value. The derivative asset is revalued at each balance sheet date, with changes in fair value recorded on the consolidated statements of operations as other income or expense. The Company estimates the fair value of the asset using the Monte Carlo Simulation model.

Also in connection with the Agreement with GGY, the Company issued 5,700,000 options which were determined to qualify as liabilities in accordance with Accounting Standards Codification (“ASC”) 480-10, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging. Additionally, the Company issued warrants in connection with the equity raises in August and October 2023 (Note 10), where 2,100,568 warrants were determined to qualify as liabilities due to the exercise price being denominated in a currency other than the Company’s functional currency. The result of this accounting treatment is that the options and warrants are recorded upon issuance as a liability on the consolidated balance sheets at fair value and are revalued at each balance sheet date, with the change in fair value recorded in the consolidated statements of operations as other income or expense. The Company estimates the fair value of the liability using the Black-Scholes pricing model.

See **Notes 9 and 10** for further details and assumptions used in the Black-Scholes pricing model and Monte Carlo Simulation model.

Stock-Based Compensation

The Company measures and records compensation expense using the applicable accounting guidance for share-based payments related to equity awards granted to directors and employees. The fair value of stock options, including performance awards, without a market condition is estimated at the date of grant, using the Black-Scholes option-pricing model. The fair value of stock options with a market condition is estimated at the date of grant using the Monte Carlo Simulation model. The Black-Scholes and Monte Carlo Simulation valuation models incorporate assumptions as to stock price volatility, the expected life of options or awards, a risk-free interest rate, and dividend yield.

The Company’s policy is to account for forfeitures as they occur and compensation expense is recognized on a straight-line basis over the vesting period for awards with service and market conditions; for awards with performance conditions, expense is recognized over the requisite service period for awards for which the performance condition is considered probable of being achieved. Compensation expense is recognized for all awards over the vesting period to the extent the employees or directors meet the requisite service requirements, whether or not the award is ultimately exercised. Conversely, when an employee or director does not meet the requisite service requirements and forfeits the award prior to vesting, any compensation expense previously recognized for the award is reversed.

See **Note 10** for further details and assumptions used in the Black-Scholes pricing model.

Fair Value Measurement

ASC 820, Fair Value Measurements, (“ASC 820”) provides guidance on the development and disclosure of fair value measurements. Under this accounting guidance, fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

IMRICOR MEDICAL SYSTEMS, INC.
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NOTE 1 – Summary of Significant Accounting Policies (cont.)

The accounting guidance classifies fair value measurements in one of the following three categories for disclosure purposes:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.
- Level 3: Unobservable inputs which are supported by little or no market activity and values determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The Company evaluates assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them for each reporting period. This determination requires significant judgments to be made by the Company.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a consolidated financial statement is prepared. The following tables present information about the Company's financial assets and liabilities measured at fair value on a recurring basis, based on the fair value hierarchy:

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Other Assets				
Derivative asset	\$ -	\$ -	\$ 56,243	\$ 56,243
Total Other Assets	\$ -	\$ -	\$ 56,243	\$ 56,243
Current Liabilities				
Current portion of rconvertible notes (related party)	\$ -	\$ -	\$ 11,745,700	\$ 11,745,700
Option liabilities	\$ -	\$ -	\$ 3,157,717	\$ 3,157,717
Total Current Liabilities	\$ -	\$ -	\$ 14,903,417	\$ 14,903,417
Long-term Liabilities				
Convertible notes, net of current portion (related party)	\$ -	\$ -	\$ 13,268,500	\$ 13,268,500
Warrant liabilities	\$ -	\$ -	\$ 1,828,677	\$ 1,828,677
Total Long-term Liabilities	\$ -	\$ -	\$ 15,097,177	\$ 15,097,177
	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Other Assets				
Derivative asset	\$ -	\$ -	\$ 56,243	\$ 56,243
Total Other Assets	\$ -	\$ -	\$ 56,243	\$ 56,243
Long-term Liabilities				
Convertible notes, net of current portion (related party)	\$ -	\$ -	\$ 19,869,700	\$ 19,869,700
Option liabilities	\$ -	\$ -	\$ 3,135,000	\$ 3,135,000
Warrant liabilities	\$ -	\$ -	\$ 1,532,067	\$ 1,532,067
Total Long-term Liabilities	\$ -	\$ -	\$ 24,536,767	\$ 24,536,767

The convertible notes (related party) (Note 7), the derivative asset and option liabilities (Note 9), and the warrant liabilities (Note 10) are recognized at fair value on a recurring basis at December 31, 2025 and 2024 and are all classified as Level 3. There have been no transfers between levels. The Company estimates the fair value of the asset or liabilities using the Monte Carlo Simulation model or Black-Scholes pricing model.

See **Notes 7, 9, and 10** for further details and assumptions used in the respective pricing model.

As of December 31, 2025 and 2024, the recorded values of cash and cash equivalents, prepaid expenses, accounts payable, and accrued expenses and other liabilities approximate their fair values due to the short-term nature of these items.

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NOTE 1 – Summary of Significant Accounting Policies (cont.)

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Bioscience Innovation Grant

In August 2023, the Company received a \$1,158,000 grant from the North Dakota Department of Agriculture as part of the department's Bioscience Innovation Grant ("BIG") program. The grant money is obtained by submitting requests for reimbursement of specific expenses incurred to support the remaining approval process of the Company's products in the US. The grant program ended on June 30, 2025.

The Company has elected to account for the reimbursement as a government grant. U.S. GAAP does not currently include grant accounting guidance that is in effect related to transfers of assets from governments to business entities, therefore, the Company has elected to follow the grant accounting model in International Accounting Standard ("IAS") 20, Accounting for Government Grants and Disclosure of Government Assistance. In accordance with IAS 20, the Company cannot recognize any income from the grant until there is reasonable assurance (similar to the "probable" threshold in U.S. GAAP) that any conditions attached to the grant will be met and that the grant will be received. Once it is reasonably assured that the grant conditions will be met and that the grant will be received, grant income is recorded on a systematic basis over the periods in which the Company incurred the reimbursable expenses for which the grant is intended to compensate. Income from the grant can be presented as either other income or as a reduction in the expenses for which the grant was intended to compensate.

As of December 31, 2025 and 2024, BIG benefits of \$0 and \$177,057, respectively, were included in Prepaid expense and other current assets on the consolidated balance sheets. Income of \$658,456 and \$325,332 for the years ended December 31, 2025 and 2024, respectively, was included in government grant income on the consolidated statements of operations.

Recently Adopted Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standard Updates ("ASUs"). ASUs not discussed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's consolidated financial statements and related notes.

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in ASU 2023-07 improve the disclosures about a public entity's reportable segments and address requests from investors for additional, more detailed information about a reportable segment's expenses. The Company adopted this standard as of January 1, 2025. Adoption of the ASU did not materially impact the Company's consolidated financial statements. See Note 12 for further details.

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NOTE 1 – Summary of Significant Accounting Policies (cont.)

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* which requires more detailed income tax disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The disclosure requirements will be applied on a prospective basis, with the option to apply them retrospectively. The standard is effective for fiscal years beginning after December 15, 2024. The Company adopted this standard as of January 1, 2025, prospectively. Adoption of the ASU did not materially impact the Company's consolidated financial statements. See Note 11 for further details.

In May 2024, the FASB issued ASU 2024-01, *Compensation – Stock Compensation (Topic 718): Scope Application of Profits Interest Awards*, which adds an example that illustrates how an entity applies the scope guidance to determine whether a profits interest award should be accounted for as a share-based payment arrangement under ASC 718 or another accounting standard. The standard is effective for fiscal years beginning after December 15, 2024. The Company adopted this standard as of January 1, 2025. The adoption of ASU 2024-01 did not materially impact the Company's consolidated financial statements.

Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)*. The amendment requires disaggregated disclosure of income statement expenses for public business entities ("PBEs"). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the consolidated financial statements. The standard is effective for fiscal years beginning after December 15, 2026. Early adoption is permitted. The Company is evaluating the disclosure requirements related to the new standard.

In November 2024, the FASB issued ASU 2024-04, *Debt – Debt with Conversion and Other Options (Subtopic 470-20)*, which amends ASC 470-20 to clarify the circumstances in which an entity is required to account for a settlement of a debt instrument as an induced conversion. The standard is effective for fiscal years beginning after December 15, 2025. Early adoption is permitted for all entities that have adopted the amendments in Update 2020-06. The Company is evaluating the disclosure requirements related to the new standard.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient for entities estimated expected credit losses on current accounts receivable and current contract assets arising from transactions under Topic 606. The practical expedient permits an entity to assume current conditions as of the balance sheet date that do not change for the remaining life of the current accounts receivable and current contract assets. The standard is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. The Company is currently assessing the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies interim disclosure requirements and the applicability of Topic 270, resulting in a consolidated list of all interim disclosures required by GAAP. The amendments include a disclosure principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The standard is effective for interim periods within fiscal years beginning after December 15, 2027, for public business entities, with early adoption permitted. The Company is currently assessing the potential impact of adopting this new guidance on our interim consolidated financial statements and related disclosures.

IMRICOR MEDICAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2 – Liquidity

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business.

At each reporting period, the Company evaluates whether conditions or events raise substantial doubt about its ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued. In performing this evaluation, management considers the Company's current financial condition, results of operations, cash flows, contractual obligations, and its ability to obtain additional financing if needed.

As disclosed in the Company's financial statements for the year ended December 31, 2024, management concluded that substantial doubt existed about the Company's ability to continue as a going concern due to recurring operating losses, negative cash flows from operations, and the need to secure additional financing to fund operations beyond the then-current cash runway. Since December 31, 2024, the Company completed an equity raise which resulted in net proceeds of \$42,827,577 (see Note 10), which has materially improved its liquidity and extended its projected cash runway.

For the year ended December 31, 2025, the Company incurred net losses of \$25,318,562, and negative cash flows from operating activities of \$19,081,157. As of December 31, 2025, the Company had working capital of \$25,546,042. Current liabilities include the current portions of the Company's convertible notes (related party) and option liabilities, which are recorded at fair value in accordance with ASC 825 and ASC 815, respectively, and their carrying amounts may differ significantly from the contractual principal and interest or other cash obligations associated with settling these instruments. See Note 7 for disclosure of the contractual principal and interest outstanding on the Company's convertible notes (related party) as of December 31, 2025.

Management has evaluated the principal conditions affecting the Company's liquidity, including recurring operating losses, negative cash flows, and contractual obligations due within the next 12 months. Based on this evaluation, management has concluded that the Company's existing working capital is sufficient to fund its operations for at least the 12-month period following the date these consolidated financial statements are available to be issued.

NOTE 3 – Accrued Expenses

As of December 31, accrued expenses consisted of the following:

	December 31,	
	2025	2024
Compensation	\$ 917,553	\$ 896,715
Other accruals	702,401	596,380
	<u>\$ 1,619,954</u>	<u>\$ 1,493,095</u>

IMRICOR MEDICAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 – Property and Equipment

As of December 31, property and equipment consisted of the following:

	December 31,	
	2025	2024
Office furniture and equipment	\$ 329,106	\$ 249,399
Lab and production equipment	2,563,189	2,416,607
Computer equipment	303,145	241,067
MRI scanner	1,200,000	1,200,000
Leasehold improvements	1,641,837	1,641,837
	6,037,277	5,748,910
Less: accumulated depreciation and amortization	(4,498,817)	(3,870,159)
	\$ 1,538,460	\$ 1,878,751

Depreciation and amortization expense was \$798,715 and \$748,165 for the years ended December 31, 2025 and 2024, respectively.

NOTE 5 – Leases

Operating Leases

The Company leases office, manufacturing, and laboratory space in Burnsville, Minnesota under operating leases expiring at various dates through 2030. The Company's office and manufacturing facility (Gateway) lease commenced in March 2007, was originally set to expire in July 2014, and has been amended and extended over time, most recently in 2022, resulting in a current lease term through March 2027. The Company's office and laboratory facility (Design Center) lease commenced in January 2019, was originally set to expire in March 2026, and was amended in 2020 to extend the term through May 2030. Neither facility lease includes renewal or extension rights. For each facility lease, the landlord provided leasehold improvement incentives that reduced the Company's initial right-of-use asset. Both facility lease agreements require the Company to pay a pro rata portion of the lessor's actual operating expenses, which are considered variable lease costs.

The Company has also entered into operating leases for vehicles with contractual terms expiring at various dates through November 2028. Vehicle lease payments are fixed and do not include renewal or purchase options, and related costs are included in operating lease expense.

As the leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. As of December 31, 2025 and 2024, the weighted average remaining lease term on operating leases was 3.6 and 4.5 years, respectively, and the weighted average discount rate was 5.8% and 5.6%, respectively. For the years ended December 31, 2025 and 2024, the operating cash outflows from operating leases was \$328,728 and \$307,842 respectively.

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IMRICOR MEDICAL SYSTEMS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 As of and for the years ended December 31, 2025 and 2024

NOTE 5 – Leases (cont.)

As of December 31, 2025, maturities of the Company's operating lease liabilities are as follows:

2026	\$ 363,140
2027	247,023
2028	191,217
2029	178,359
2030	75,228
Total lease payments	<u>1,054,967</u>
Less: interest	<u>(103,771)</u>
Present value of lease liabilities	951,196
Less: current portion	<u>(317,153)</u>
Operating lease liability, net of current portion	<u>\$ 634,043</u>

The cost components of the Company's operating leases for office and manufacturing space, which were included in general and administrative expenses on the consolidated statements of operations, were as follows for the years ended December 31, 2025 and 2024:

	December 31,	
	2025	2024
Operating lease cost	\$ 228,426	\$ 228,426
Variable lease cost	173,807	156,450
	<u>\$ 402,233</u>	<u>\$ 384,876</u>

Finance Lease Liability

The Company had a finance lease agreement related to its MRI scanner under which the Company obtained ownership of the scanner at the end of the lease term. During the year ended December 31, 2024, the Company paid \$67,159 under this finance lease, of which \$1,160 represented interest, and as of December 31, 2024, there were no remaining payments outstanding.

NOTE 6 – Commitments and Contingencies

Vendor concentration

Certain components and products that meet the Company's requirements are available only from a single supplier or a limited number of suppliers. The inability to obtain components and products as required, or to develop alternative sources, if and as required in the future, could result in delays or reductions in product shipments, which in turn could have a material adverse effect on the Company's business, financial condition, and results of operations. The Company believes that it will be able to source alternative suppliers or materials if required to do so.

For the year ended December 31, 2025, the Company had accounts payable to two vendors that each accounted for 12% of the total outstanding balance. For the year ended December 31, 2024, the Company had accounts payable to two vendors that accounted for 14% and 13% of the total outstanding balance.

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IMRICOR MEDICAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 – Commitments and Contingencies (cont.)

Purchase Commitments

At December 31, 2025 and 2024, the Company had \$218,912 and \$366,675, respectively, in outstanding firm purchase commitments for raw materials inventory and prototype components used in research and development activities. As of December 31, 2025, payment of the purchase commitments is expected to be made within one year. During the years ended December 31, 2025 and 2024, the Company purchased \$324,805 and \$109,767, respectively, under firm purchase commitments outstanding at the beginning of the respective year.

Financing Obligation

The Company entered into an agreement to finance a portion of an annual insurance premium for the policy period beginning August 2024. The financing obligation was to be paid in 10 monthly installments of \$35,665 beginning in September 2024, and the stated interest rate was 7.91%. As of December 31, 2025, there were no payments remaining to be paid.

Retirement Plan

The Company maintains retirement plans for its employees in which eligible employees can contribute a percentage of their compensation. The Company contributed \$333,897 and \$269,541 to these plans during the years ended December 31, 2025 and 2024, respectively.

Employment Agreements

The Company has employment agreements with the CEO and certain senior executives of the Company. The agreements require severance of twelve and six months, respectively, of current annual salary and medical insurance in the event employment is terminated without cause.

NOTE 7 – Convertible Notes with Warrants (related party)

On December 16, 2022, the Company entered into a Securities Purchase Agreement with K.A.H.R. Foundation, a beneficial owner of more than 5% of the Company's common stock as of the agreement date (see Note 13), for the issuance of unsecured, unquoted convertible promissory notes, to be issued in two tranches, to raise a maximum aggregate amount of \$5,000,000.

The first tranche was issued on December 23, 2022. The Company received \$2,325,000 in gross proceeds from the issuance of the convertible note. The convertible note bears interest of 10% per annum, compounded annually. The interest accrued during the years ended December 31, 2025 and 2024 was \$281,942 and \$256,311, respectively. As of December 31, 2025 and 2024, cumulative accrued interest on the first tranche totaled \$776,358 and \$494,416, respectively. All or a portion of the principal is convertible into CHESSE Depositary Interests ("CDIs", as described further in Note 10) at a price of \$0.2691 per share at the election of the holder following the 36 month anniversary of the closing date. All or a portion of accrued and unpaid interest is convertible into CDIs at a price of \$0.2563 per share at the election of the holder during the same time frame. Accrued interest on the convertible notes is included in the fair value of the convertible notes on the consolidated balance sheets. The maximum number of CDIs to be issued upon conversion of the principal amount and interest is no more than 12,849,949 CDIs. As of December 31, 2025, 11,669,009 CDIs would be issued if the principal and accrued interest were converted.

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NOTE 7 – Convertible Notes with Warrants (related party) (cont.)

The second tranche was issued on March 28, 2023. The Company received \$2,675,000 of gross proceeds from the issuance of the convertible note. The second tranche is subject to the same terms as the first tranche. The interest accrued during the years ended December 31, 2025 and 2024 was \$316,661 and \$287,874, respectively. As of December 31, 2025 and 2024, cumulative accrued interest on the second tranche totaled \$808,275 and \$491,614, respectively. The maximum number of CDIs to be issued upon conversion of the principal and interest is no more than 14,784,350 CDIs. As of December 31, 2025, 13,094,172 CDIs would be issued if the principal and accrued interest were converted.

The maturity date on the notes is the earliest occurrence of (i) a change-in-control event, at which time the Company would be required to pay the holder the greater of 125% of the then outstanding balance plus accrued and unpaid interest or the amount the holder would receive if the principal and accrued and unpaid interest had been converted to CDIs at a conversion price equal to the variable weighted average price ("VWAP") of the CDIs for the 10 day period ending on the change-in-control event date; or (ii) the four year anniversary of the closing date of each tranche.

On March 28, 2023 and December 23, 2022, pursuant to the Securities Purchase Agreement, the Company issued warrants exercisable for 1,043,699 and 907,141 CDIs, respectively, with an exercise price of \$0.2563 per share. The warrants expire five years after the dates of issuance.

The Company accounts for its convertible promissory notes under ASC 815, Derivatives and Hedging ("ASC 815"). Under 815-15-25, the election can be made at the inception of a financial instrument to account for the instrument under the fair value option under ASC 825. The Company has made such election for its convertible promissory notes. Using the fair value option, the convertible promissory notes are required to be recorded at its initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the notes are recognized as a non-cash item in the change in fair value of convertible notes (related party) in the consolidated statements of operations.

The convertible notes (related party) were recorded as a liability on the consolidated balance sheets at the dates of issuance. The following table provides a summary of change in fair value of the two tranches of the convertible notes (related party) for the years ended December 31:

	Total	Tranche 1	Tranche 2
Fair value at December 31, 2023	\$ 8,453,300	\$ 3,964,800	\$ 4,488,500
Fair value change in convertible notes (related party)	11,416,400	5,305,100	6,111,300
Fair value at December 31, 2024	\$ 19,869,700	\$ 9,269,900	\$ 10,599,800
Fair value change in convertible notes (related party)	5,144,500	2,475,800	2,668,700
Fair value at December 31, 2025	\$ 25,014,200	\$ 11,745,700	\$ 13,268,500

As of December 31, 2025, the Company had total convertible notes (related party) of \$25,014,200 of which \$13,268,500 was included in long-term liabilities as of December 31, 2025. The entire convertible notes (related party) balance was included in long-term liabilities as of December 31, 2024.

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NOTE 7 – Convertible Notes with Warrants (related party) (cont.)

The fair value of the convertible notes is measured in accordance with ASC 820 “Fair Value Measurement” using the “Monte Carlo Method” modeling incorporating the following inputs:

	December 31, 2025	December 31, 2024
Expected dividend yield	0%	0%
Expected stock-price volatility	66.0% - 72.1%	88.1% - 89.4%
Risk-free interest rate	3.42% - 3.43%	4.16% - 4.17%
Stock price	\$ 1.0210	\$ 0.8416
Conversion price	\$ 0.2691	\$ 0.2691

Significant assumptions used to determine the fair value of the convertible note include the estimated probability of a change in control event, which is based on management’s expectation of future transactions; the volatility of the stock price, which is estimated based on the Company’s own historical volatility; and the credit spread, which is based on the Company’s estimate of its credit rating derived from the Company’s financial condition and market yields for similar instruments issued by companies with comparable credit ratings.

The Company evaluated the warrants under ASC 480, “Distinguishing Liabilities from Equity” and ASC 815. The warrants do not meet the characteristics for liability classification under either provision and as such are classified as equity under ASC 815. Given that the convertible notes were subject to fair value remeasurement, the fair value of the convertible notes was carved out from gross proceeds and the remainder of the gross proceeds of the first and second tranches of \$127,900 and \$541,200, respectively, was allocated to warrants. The warrants were recorded as Additional paid-in capital on the consolidated balance sheets at the dates of issuance. No subsequent remeasurement of the warrants is required.

NOTE 8 – Promissory Notes

LIFT Loan

On January 6, 2023, the Company obtained a \$1,500,000 loan from the Bank of North Dakota under the North Dakota Commerce Department’s Innovation Technology Loan Fund (“LIFT”). The loan matures in five years and has an interest rate of 0% for the first three years and 2% for the next two years of the loan, with monthly interest payments due. The outstanding loan balance is due at maturity on January 6, 2028. The Company had an 18-month draw period through July 2024, during which it drew \$33,219. The balance was paid in full during the year ended December 31, 2024, and no amounts were outstanding under the LIFT loan as of December 31, 2025 or 2024.

The loan included certain restrictions on the use of the funds. The Company could use the funding only to conduct applied research, experimentation, or operational testing within the state of North Dakota. The funds could not be used for capital or building investments or for general corporate purposes to support existing operations outside the state of North Dakota.

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IMRICOR MEDICAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 – Promissory Notes (cont.)

GGY Promissory Note

As part of the Agreement with GGY (discussed further in Note 9), the Company entered into a promissory note to pay GEM Yield Bahamas Limited a fee equal to two percent of the capital commitment facility, being \$600,000 Australian dollars (\$399,660 U.S. dollars at issuance date). The fee was payable, whether or not any draw down notices were delivered, within the first year of the Agreement’s term. In the event the fee was not paid in full within the first year, interest would accrue on the unpaid portion at the Mortgage Free Business Finance Rate published by Westpac Banking Corporation, compounded monthly. The promissory note was revalued at each reporting date. The Company paid the remaining balance on the note, along with accrued interest of \$3,103, during the year ended December 31, 2024.

NOTE 9 – Capital Commitments

On July 6, 2023, the Company entered into a Capital Commitment Agreement (“Agreement”) with GEM Global Yield LLC SCS (“GGY”), under the terms of which GGY has agreed to provide the Company with up to \$30 million Australian dollars through a Security Subscription Facility (the “Facility”) over a 3-year term. The Agreement allows the Company to draw down funds during the 3-year term by giving GGY 15 Australian Securities Exchange (“ASX”) trading days’ notice to subscribe for CDIs, subject to share lending arrangement(s) being in place. The number of CDIs which GGY may subscribe for is capped at 700% of the average daily number of CDIs traded on the ASX during the 15 trading days prior to the relevant drawdown notice, subject to certain adjustments. The subscription price of the CDIs to be issued to GGY is the higher of (i) 90% of the average closing bid price of the Company’s CDIs over the 15 consecutive trading days after the Company gives the drawdown notice, subject to certain adjustments; or (ii) a fixed floor price nominated by the Company in the drawdown notice. The Company controls the timing of drawdowns under the Facility and has no minimum drawdown obligation. The issue of CDIs to GGY pursuant to any drawdown notice will also be conditional on the Company having sufficient placement capacity under ASX Listing Rules 7.1 or 7.1A (as applicable) or obtaining any requisite securityholder approval for the issue.

The Agreement meets the definition of a derivative in accordance with ASC 815 and is measured at fair value. Any changes in fair value of such instruments are recorded in other income (expense) in the consolidated statements of operations. There was no change in fair value of the derivative asset for the years ended December 31, 2025 or 2024.

The derivative asset’s fair value was calculated using the Monte Carlo Simulation model utilizing the following assumptions:

Expected stock-price volatility	104.1%
Risk-free interest rate	4.03%
Stock price (in Australian dollars)	\$ 0.5700

These key assumptions used in the valuation have remained unchanged since December 31, 2023 and were also used in determining the fair value of the derivative asset as of December 31, 2025 and 2024.

IMRICOR MEDICAL SYSTEMS, INC.
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NOTE 9 – Capital Commitments (cont.)

Pursuant to the terms of the Agreement, the Company issued options to purchase 5,700,000 CDIs with an exercise price of \$0.61 Australian dollars per CDI and a 3-year term.

No CDI Options were exercised during the year ended December 31, 2024. A summary of activity related to the CDI Options during the year ended December 31, 2025 is as follows:

CDI Options outstanding at December 31, 2024	5,700,000
Exercise of CDI Options	<u>(648,461)</u>
CDI Options outstanding at December 31, 2025	<u>5,051,539</u>

The following table provides a summary of the change in fair value of the CDI Options for the years ended December 31, 2025 and 2024:

Fair value at December 31, 2023	\$ 1,292,760
Fair value change in CDI Options	<u>1,842,240</u>
Fair value at December 31, 2024	3,135,000
Exercise of CDI Options	(373,774)
Fair value change in CDI Options	<u>396,491</u>
Fair value at December 31, 2025	<u>\$ 3,157,717</u>

As of December 31, 2025, the fair value of the CDI Options of \$3,157,717 is classified as short-term option liabilities on the consolidated balance sheets. As of December 31, 2024, the fair value of the CDI Options of \$3,135,000 is classified as long-term option liabilities on the consolidated balance sheets.

The CDI Options' fair value was calculated using the Black-Scholes option pricing model utilizing the following assumptions:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected dividend yield	0%	0%
Expected stock-price volatility	59.2%	85.4%
Risk-free interest rate	3.97%	3.97%
Stock price	\$ 1.0240	\$ 0.8455
Conversion price	\$ 0.4083	\$ 0.3792

The fair value of CDI Options was determined using the Black-Scholes option pricing model with assumptions consistent in methodology to those used for stock options, except that the contractual life of the options is used as the expected term and volatility of the stock price is estimated based on the Company's own historical volatility.

Since issuance, the Company has drawn \$444,922 Australian dollars on the Facility, and \$29,555,078 Australian dollars is available as of December 31, 2025. Converted to U.S. dollars using the exchange rate of \$1 Australian dollar to \$0.67 U.S. dollar as of December 31, 2025, these amounts are \$297,786 and \$19,781,214, respectively.

IMRICOR MEDICAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 – Stockholders' Equity

Capital Stock Authorized

As of both December 31, 2025 and 2024, the Board of Directors of the Company had authorized 560,000,000 shares of capital stock, consisting of 535,000,000 shares of common stock and 25,000,000 shares of preferred stock.

Common Stock

The Australian Securities Exchange (“ASX”) uses an electronic system called CHESSE for the clearance and settlement of trades on the ASX. The State of Delaware does not recognize the CHESSE system of holding securities or electronic transfers of legal title to shares. To enable companies to have their securities cleared and settled electronically through CHESSE, depository instruments called CHESSE Depository Interests (“CDIs”) are issued. CDIs are units of beneficial ownership in shares and are traded in a manner similar to shares of Australian companies listed on the ASX. The legal title to the shares is held by a depository, CHESSE Depository Nominees Pty Ltd (“CDN”), which is a wholly-owned subsidiary of the ASX, and is an approved general participant of ASX Settlement. One share of common stock is equivalent to one CDI.

In February 2024, the Company completed a placement and institutional entitlement offer with a mix of U.S. and Australian investors which consisted of 3,766,666 shares of common stock at \$0.30 per share for U.S. investors and 14,069,396 CDIs at \$0.45 Australian dollars per share for Australian investors for proceeds of \$4,823,937, net of expenses.

The Company also completed a retail entitlement offer with Australian investors, which consisted of 1,419,069 CDIs at \$0.45 Australian dollars per share for proceeds of \$389,888, net of expenses in February 2024, and 14,378,862 CDIs at \$0.45 Australian dollars per share, for proceeds of \$3,996,793, net of expenses, in April 2024.

In July and September 2024, the Company completed a two-tranche placement with a mix of Australian and U.S. investors, which consisted of 67,064,836 CDIs at \$0.52 Australian dollars per share and 242,857 shares of common stock at \$0.35 per share for U.S. investors for proceeds of \$21,791,209, net of expenses.

In February 2025, a total of 163,935 CDI Options were exercised at \$0.61 Australian dollars per share for total proceeds of \$61,419, net of expenses.

In March 2025, the Company completed an equity raise with Australian investors which consisted of 49,645,391 CDIs at \$1.41 Australian dollars per share for proceeds of \$42,827,577, net of expenses.

In March 2025, a total of 340,000 CDI Options were exercised at \$0.61 Australian dollars per share for total proceeds of \$130,842, net of expenses.

In September 2025, a total of 356,150 options to purchase common stock were exercised at prices ranging from \$0.31 to \$0.52 per share for total proceeds of \$180,922, net of expenses.

In October 2025, a total of 144,526 CDI Options were exercised at \$0.61 Australian dollars per CDI for total proceeds of \$56,160, net of expenses.

IMRICOR MEDICAL SYSTEMS, INC.
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NOTE 10 – Stockholders’ Equity (cont.)

Dividend Rights

Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the common stock shall be entitled to receive, out of any assets of the Corporation legally available therefore, any dividends as may be declared from time to time by the Board of Directors. The right to such dividends shall not be cumulative, and no right shall accrue by reason of the fact that dividends are not declared in any prior period.

Voting Rights

The holder of each share of common stock shall have the right to one vote for each such share, and shall be entitled to notice of any stockholders’ meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law.

Stock Option Plans

The Company and its stockholders adopted a stock incentive plan (the “2006 Plan”) in 2006. The 2006 Plan, as amended on January 26, 2011 by the stockholders, reserved 10,918,500 shares of the Company’s common stock for the granting of incentive and nonqualified stock options to employees, directors and consultants. On May 22, 2016, the Company replaced the 2006 Plan with the 2016 Stock Option Plan (the “2016 Plan”), as the 2006 Plan was expiring. The terms of the 2016 Plan were the same as the 2006 Plan. In August 2018, the Board of Directors approved an increase of 500,000 shares to the option pool. On February 14, 2019, the Board of Directors terminated the 2016 Plan and approved the 2019 Equity Incentive Plan (the “2019 Plan”), reserving 11,418,500 shares of the Company’s common stock for the granting of incentive and nonqualified stock options, or other stock-based awards, to employees, directors and consultants. On June 4, 2019, the Board of Directors approved an increase of 2,000,000 shares to the option pool and provided that on the first day of each of the Company’s fiscal years during the term of the 2019 Plan beginning in 2020, the number of shares of Common Stock available for issuance from time to time under the 2019 Plan will be increased by an amount equal to the lesser of (i) five percent (5%) of the aggregate number of shares reserved under this Plan on the last day of the immediately preceding fiscal year, and (ii) such number of shares determined by the Board (the “Annual Increase”). On April 20, 2020, the Board of Directors approved an increase of 3,470,925 shares to the option pool, which was approved by the stockholders at the Annual Meeting on May 12, 2020. On January 14, 2021, the Board of Directors approved an increase of 844,471 shares to the option pool. On April 6, 2022, the Board of Directors approved an increase of 848,695 shares to the option pool. On April 4, 2023, the Board of Directors approved an increase of 7,929,130 shares to the option pool, which was approved by the stockholders at the Annual General Meeting on May 11, 2023. On February 14, 2024, the Board of Directors approved an increase of 6,488,279 shares to the option pool, which was approved by stockholders at the Annual Meeting on May 15, 2024. On February 17, 2025, the Board of Directors approved an increase of 7,650,000 shares to the option pool, which was approved by the shareholders at the Annual Meeting on May 14, 2025.

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NOTE 10 – Stockholders’ Equity (cont.)

Options are granted at a price equal to the closing sale price of a CDI as of the date of grant, converted from Australian dollars to U.S. dollars using the prevailing exchange rate. Generally, vesting terms of outstanding options range from immediate to four years. In addition, some options have been issued to the executive management team that vest upon completion of certain milestones, performance requirements, and market conditions; as of December 31, 2025, 24,914,305 of these options are issued and outstanding. For these performance-based awards, expense is recognized when it is probable the performance condition will be achieved. If at any point the Company determines that the performance condition is improbable, any previously recognized expense is reversed. Adjustments for forfeitures are recorded as they occur. In no event are the options exercisable for more than ten years after the date of grant. The Company issues new shares of common stock when stock options are exercised.

Information regarding the Company’s stock options is summarized below:

	Number of Option Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding - December 31, 2024	25,555,170	\$ 0.42	
Exercised	(356,150)	0.51	
Forfeited	(41,250)	0.30	
Expired	(34,100)	0.50	
Granted	8,783,951	1.06	
Options outstanding - December 31, 2025	<u>33,907,621</u>	<u>\$ 0.58</u>	<u>\$ 15,944,060</u>
Options exercisable - December 31, 2025	<u>6,767,066</u>	<u>\$ 0.66</u>	<u>\$ 2,788,732</u>
Weighted average fair value of options granted during the year ended December 31, 2025		<u>\$ 0.82</u>	
	Number of Option Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding - December 31, 2023	16,895,981	\$ 0.47	
Exercised	-	-	
Forfeited	(148,750)	0.53	
Expired	(115,050)	0.82	
Granted	8,922,989	0.32	
Options outstanding - December 31, 2024	<u>25,555,170</u>	<u>\$ 0.42</u>	<u>\$ 12,066,510</u>
Options exercisable - December 31, 2024	<u>6,349,658</u>	<u>\$ 0.67</u>	<u>\$ 1,585,640</u>
Weighted average fair value of options granted during the year ended December 31, 2024		<u>\$ 0.24</u>	

As of December 31, 2025, the Company had 581,340 shares available for grant under the Plan.

The weighted average remaining contractual life of options outstanding and exercisable was 7.37 and 4.29 years, respectively, as of December 31, 2025.

The intrinsic value of options exercised during the years ended December 31, 2025 and 2024 was \$138,476 and \$0, respectively.

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NOTE 10 – Stockholders’ Equity (cont.)

The fair value of option awards granted was determined using the Black-Scholes option pricing model utilizing the following assumptions:

	2025	2024
Expected life	5.32 - 6.82 years	5.32 - 6.32 years
Volatility	85.13% - 88.03%	90.19% - 91.69%
Risk-free interest rate	3.67% - 4.38%	4.05% - 4.35%
Dividend yield	0%	0%

The Company reviews its current assumptions on a periodic basis and adjusts them as necessary to determine the option valuation. The expected term reflects our estimate of the period over which the stock options will remain outstanding before exercise or expiration. As we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term, the expected term of stock option awards granted has been determined using the simplified method, which is the average of the weighted-average vesting period and the contractual term. Volatility is based on the Company’s own historical volatility as well as historic volatilities of traded shares from a selected publicly traded peer group, believed to be comparable after consideration of size, maturity, profitability, growth, risk and return on investment. The risk-free interest rate is based on the yield of constant maturity U.S. treasury bonds with a remaining term equal to the expected life of the awards at the grant date. The expected dividend yield is zero, as the Company has not paid or declared any dividends to common stockholders and does not expect to pay dividends in the foreseeable future. The Company’s policy is to account for forfeitures as they occur and records stock-based compensation expense only for those awards that are expected to vest.

Total stock-based compensation expense resulting from options is charged to the Company’s consolidated statements of operations as follows:

	December 31,	
	2025	2024
Cost of goods sold	\$ 26,117	\$ 11,191
Sales and marketing	90,642	(593)
Research and development	169,103	24,362
General and administrative	213,621	(27,115)
	<u>\$ 499,483</u>	<u>\$ 7,845</u>

The negative sales and marketing and general and administrative stock-based compensation expense on the consolidated statements of operations during the year ended December 31, 2024 is due to a change in probability of achievement for certain performance grants that were previously considered probable. This change resulted in the reversal of expense already taken until achievement becomes probable, in accordance with ASC 718, Stock Compensation. No income tax benefits were recognized related to this compensation expense due to the full valuation allowance provided on the Company’s deferred income tax assets.

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NOTE 10 – Stockholders’ Equity (cont.)

As of December 31, 2025, the total unrecognized compensation cost related to unvested stock options then outstanding was \$10,959,913. Future stock-based compensation expense is expected to be as follows for the years ending December 31:

2026	\$ 501,151
2027	345,470
2028	168,735
2029	41,592
Total related to options expected to vest	<u>1,056,948</u>
Performance grants not probable of achievement	<u>9,902,965</u>
Total unrecognized compensation expense	<u>\$ 10,959,913</u>

The performance grants not probable of achievement are generally related to the receipt of regulatory approvals or sales milestones predicated on the receipt of regulatory approvals not yet received. Under current U.S. GAAP, these milestones are generally not considered probable until the regulatory approval is obtained.

Issuance of additional options subsequent to December 31, 2025 could affect future expected amounts.

Restricted Stock

On May 15, 2024, the Company granted 315,946 shares of restricted stock to its three independent board directors. The restricted stock vests annually over four years on the anniversary of the grant date, provided that the participant continuously provides services to the Company through the applicable vesting date. The fair market value on the date of grant was \$0.30 per share.

On May 14, 2025, the Company granted 121,260 shares of restricted stock to its three independent board directors. The restricted stock vests annually on the anniversary of the grant date, provided that the participant continuously provides services to the Company through the applicable vesting date. The fair market value on the date of grant was \$1.07 per share.

A summary of activity related to time-based nonvested restricted stock grants during 2025 and 2024 is as follows:

	Nonvested Restricted Shares	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2023	751,812	\$ 0.22
Granted	315,946	0.30
Vested	(206,597)	0.22
Forfeited	-	-
Outstanding as of December 31, 2024	<u>861,161</u>	<u>\$ 0.25</u>
Granted	121,260	1.07
Vested	(285,583)	0.24
Forfeited	-	-
Outstanding as of December 31, 2025	<u>696,838</u>	<u>\$ 0.39</u>

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NOTE 10 – Stockholders’ Equity (cont.)

Total stock-based compensation expense resulting from grants of restricted stock was \$90,128 and \$60,924 for the years ended December 31, 2025 and 2024, respectively, and is included in general and administrative expenses on the consolidated statements of operations. No income tax benefits were recognized related to this compensation expense due to the full valuation allowance provided on the Company’s deferred income tax assets.

As of December 31, 2025, the total unrecognized compensation cost related to unvested restricted stock was \$206,980. Future unrecognized stock-based compensation expense is expected to be as follows for the years ended December 31 thereafter:

2026	\$ 88,593
2027	65,160
2028	41,327
2029	11,900
Total	<u>\$ 206,980</u>

Issuance of additional shares of restricted stock subsequent to December 31, 2025 could affect future expected amounts.

Warrants

As part of the convertible notes (related party) issuances in 2022 and 2023 and the equity raises in 2023, the Company issued warrants to purchase common stock or CDIs which are summarized below:

	Number of Warrants	Weighted-Average Exercise Price
Warrants outstanding - December 31, 2023	5,216,158	\$ 0.4742
Warrants issued	-	-
Warrants exercised	-	-
Warrants expired/forfeited	-	-
Warrants outstanding - December 31, 2024	5,216,158	\$ 0.4742
Warrants issued	-	-
Warrants exercised	-	-
Warrants expired/forfeited	-	-
Warrants outstanding - December 31, 2025	<u>5,216,158</u>	<u>\$ 0.4742</u>
Warrants exercisable - December 31, 2025 and 2024	<u>5,216,158</u>	<u>\$ 0.4742</u>

The warrants issued in connection with the equity raises were evaluated under ASC 480 and ASC 815. Of the 3,265,318 warrants issued in connection with the equity raises, 2,100,568 were determined to qualify as liabilities due to the exercise price being denominated in a currency other than the Company’s functional currency, while the remaining 1,164,750 do not meet the characteristics for liability classification under either provision and as such are classified as equity under ASC 815. The warrants expire ten years after the dates of issuance. In addition, the Company has 1,950,840 warrants outstanding that were issued in connection with the convertible notes (related party) issuances, which are classified as equity under ASC 815. See Note 7 for further details.

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NOTE 10 – Stockholders’ Equity (cont.)

Any subsequent changes in fair value of warrants classified as a liability have been recorded in change in fair value of warrant liabilities in the consolidated statements of operations. The following table provides a summary of change in fair value of the warrants classified as a liability for the year ended December 31, 2025 and 2024:

Fair value at December 31, 2023	\$ 652,516
Fair value change in warrants	879,551
Fair value at December 31, 2024	<u>1,532,067</u>
Fair value change in warrants	296,610
Fair value at December 31, 2025	<u>\$ 1,828,677</u>

As of December 31, 2025 and 2024, the fair value of the warrants of \$1,828,677 and \$1,532,067, respectively, are classified as warrant liabilities on the consolidated balance sheets.

The fair value of the warrants was determined using the Black-Scholes option pricing model utilizing the following assumptions:

	December 31, 2025	December 31, 2024
Expected dividend yield	0%	0%
Expected stock-price volatility	85.3% - 85.5%	85.9% - 86.1%
Risk-free interest rate	4.60%	4.37%
Stock price	\$ 1.0240	\$ 0.8455
Conversion price	\$0.6358 - \$0.6693	\$0.5906 - \$0.6217

The fair value of warrants was determined using the Black-Scholes option pricing model with assumptions consistent in methodology to those used for stock options, except that the contractual life of the warrant is used as the expected term.

NOTE 11 – Income Taxes

As of December 31, 2025, the Company had generated approximately \$116,363,000 of net operating losses (“NOL”) for federal tax purposes. As a result of the Tax Cuts and Jobs Act, for U.S. income tax purposes, NOLs generated prior to December 31, 2017 can still be carried forward for up to 20 years, while NOLs generated after December 31, 2017 carryforward indefinitely, but are limited to 80% utilization against taxable income. Of the total federal NOL of \$116,363,000, \$18,662,000 will begin to expire in 2028 through 2037, and \$97,701,000 will not expire but will only offset 80% of future taxable income.

As of December 31, 2025, the Company had also generated approximately \$36,931,000 of state NOLs. The state NOLs can be carried forward for up to 15 years and are limited to 80% utilization against taxable income. The state NOLs will begin to expire in 2026 through 2039 if they are not used.

As of December 31, 2025, the Company had approximately \$2,458,000 of federal research and development (“R&D”) credit carryforwards available for federal tax purposes. As of December 31, 2025, the Company also had approximately \$1,293,000 of state R&D credit carryforwards available for Minnesota. The federal R&D credits carryforwards will begin to expire in 2028 through 2037, and the state R&D credits carryforwards will begin to expire in 2028 through 2039, if they are not used.

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NOTE 11 – Income Taxes (cont.)

In assessing the realizability of deferred tax assets as of December 31, 2025 and 2024, the Company determined it is more likely than not that its net deferred tax assets will not be realized and the Company continues to maintain a valuation allowance for the full amount of the deferred tax assets.

Pursuant to Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), annual use of the Company’s NOLs and R&D credit carryforwards may be limited if there is a cumulative change in ownership of greater than 50% within a three-year period. The amount of annual limitation is determined based on the value of the Company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years. If sufficiently limited, the related tax assets would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance.

In 2023, the Company completed an analysis of past equity offerings, and other transactions that had an impact on the Company’s ownership structure, for potential ownership changes under Sections 382 and 383 of the Code and concluded that the Company experienced ownership changes in 2009, 2011 and 2020. The analysis determined that there were limitations on the amount of pre-ownership change NOL carryforwards that can be utilized annually to offset future taxable incomes.

In 2024 and 2025, the Company completed an analysis of equity offerings during the respective years, and other transactions that have an impact on the Company’s ownership structure, for potential ownership changes under Sections 382 and 383 of the Code and concluded no ownership changes were experienced during either year. The Company may experience subsequent ownership changes as a result of future equity offerings or other changes in the ownership of Company stock, some of which are beyond the Company’s control. Similar provisions of state tax law may also apply to limit the use of accumulated state tax attributes.

The Company conducts intensive research and experimentation activities, generating R&D tax credits for Federal and state purposes under Section 41 of the Code. The Company has not performed a formal study validating these credits claimed in the tax returns. Once a study is prepared, the amount of R&D tax credits available could vary from what was originally claimed on the tax returns.

Net loss from operations before income tax expense (benefit) for the year ended December 31:

	<u>2025</u>	<u>2024</u>
U.S.	\$ (25,036,699)	\$ (29,692,831)
Foreign	(281,863)	-
Total	<u>\$ (25,318,562)</u>	<u>\$ (29,692,831)</u>

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NOTE 11 – Income Taxes (cont.)

Income tax expense (benefit) consists of the following for the years ended December 31:

	2025	2024
Current:		
Federal	\$ -	\$ -
State	-	-
Foreign	-	-
	-	-
Deferred:		
Federal	(5,271,000)	(6,686,000)
State	(121,000)	(260,000)
Foreign	(73,000)	-
	(5,465,000)	(6,946,000)
Deferred tax asset valuation allowance	5,465,000	6,946,000
Total provision (benefit)	\$ -	\$ -

The Company paid no income taxes during the years ended December 31, 2025 and 2024 due to net operating losses.

The provision for income taxes differs from the tax computed using the statutory U.S. federal income tax rate of 21% for the year ended December 31, 2025, as a result of the following items:

	2025	
	Amount	Percent
U.S. federal statutory income tax rate	\$ (5,317,000)	21.0%
Domestic federal		
Tax Credits		
Research and development credits, net	(480,000)	1.9%
Other	50,000	-0.2%
Nontaxable and nondeductible items	41,000	-0.2%
Changes in valuation allowance	5,296,000	-20.9%
Changes in tax rates enacted in the current period	-	0.0%
Other	251,000	-1.0%
Domestic state and local income taxes, net of federal effect	(39,000)	0.2%
Foreign tax effects	59,000	-0.2%
Changes in unrecognized tax benefits	139,000	-0.5%
Net deferred tax assets (liabilities)	\$ -	0.00%

State and local income taxes relate primarily to Minnesota income taxes, net of federal effect. Minnesota comprises substantially all of the state tax effect for the year ended December 31, 2025.

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NOTE 11 – Income Taxes (cont.)

The provision for income taxes differs from the tax computed using the statutory U.S. federal income tax rate of 21% for the year ended December 31, 2024, as a result of the following items:

	2024
Tax at U.S. statutory rate	\$ (6,235,000)
State tax expense, net of federal benefit	(393,000)
Permanent items and other	(87,000)
R&D credits, net	(205,000)
Fair value change in convertible notes (related party)	(194,000)
Change in tax rate	168,000
Change in valuation allowance	6,946,000
Income tax expense	<u>\$ -</u>

Components of deferred income taxes are as follows as of December 31:

	2025	2024
Deferred tax assets:		
Net operating loss carryforwards	\$ 27,368,000	\$ 22,204,000
Research and development credit carryforwards	3,480,000	3,010,000
Section 174 Capitalization of R&D	2,080,000	3,333,000
Stock-based compensation	237,000	360,000
Accrued expenses	213,000	291,000
Deferred revenue	246,000	254,000
Fixed assets	447,000	352,000
Fair value change of financial instruments	5,503,000	4,330,000
Prepaid expenses and other assets	55,000	-
Gross deferred tax assets	<u>39,629,000</u>	<u>34,134,000</u>
Valuation allowance	<u>(39,472,000)</u>	<u>(34,007,000)</u>
Deferred tax assets, net	157,000	127,000
Deferred tax liabilities:		
Prepaid expenses and other assets	-	47,000
Foreign currency exchange	157,000	80,000
Gross deferred tax liabilities	<u>157,000</u>	<u>127,000</u>
Net deferred tax assets (liabilities)	<u>\$ -</u>	<u>\$ -</u>

Due to net losses since inception and the uncertainty of realizing the deferred tax assets, the Company has a full valuation allowance against its net deferred tax assets. To the extent that the Company generates positive income and expects, with reasonable certainty, to continue to generate positive income, the Company may release all, or a portion of, the valuation allowance in a future period. This release would result in the recognition of all, or a portion of, the Company's deferred tax assets, resulting in a decrease to income tax expense for the period such release is made.

The following table sets forth information related to the valuation allowance as of and for the years ended December 31:

	2025	2024
Balance at January 1	\$ 34,007,000	\$ 27,061,000
Additions charged to income tax benefit	5,465,000	6,946,000
Balance at December 31	<u>\$ 39,472,000</u>	<u>\$ 34,007,000</u>

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NOTE 11 – Income Taxes (cont.)

The following table sets forth information related to the unrecognized tax benefits as of and for the years ended December 31:

	2025	2024
Balance at January 1	\$ 810,000	\$ 723,000
Additions based on current year tax positions	139,000	87,000
Balance at December 31	<u>\$ 949,000</u>	<u>\$ 810,000</u>

The Company's unrecognized tax benefits are netted against the underlying deferred tax assets. As of December 31, 2025 and 2024, none of the unrecognized tax benefits, if recognized, would affect the effective tax rate due to the full valuation allowance maintained against the Company's deferred tax assets.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The tax years from 2008 through December 31, 2025 remain subject to examination by all major taxing authorities due to the net operating loss carryforwards. The Company is not currently under examination by any taxing jurisdiction. The Company has elected to record the income taxes and any related interest and penalties as income tax expense in the Company's consolidated statements of operations.

Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and the Company's effective tax rate in the future. On July 4, 2025, the One, Big, Beautiful Bill Act (the "Act") was signed into law. The Act contains significant tax law changes with various effective dates affecting business taxpayers, including making permanent the current 21% U.S. federal corporate income tax rate and modifying the timing of certain tax deductions, such as depreciation expense, research and development expenditures, and interest expense. The Company implemented the provisions of the Act in its income tax accounting for the year ended December 31, 2025. The enactment of the Act did not have a material effect on the Company's consolidated financial statements for the current period, and the Company does not currently expect the provisions of the Act to have a material impact on its effective tax rate in future periods.

NOTE 12 – Segment Information

The Company sells capital equipment, which includes both Imricor-developed and third-party equipment, and consumable products, for use in iCMR labs, and capital equipment maintenance service agreements.

Operating segments are defined as components of an enterprise about which separate discrete financial information is available for evaluation by the Chief Operating Decision Maker ("CODM") when making decisions regarding resource allocation and assessing performance. The Company's CODM is its Chief Executive Officer, who reviews consolidated financial results when making resource allocation decisions or evaluating Company performance. The Company manages its business on a consolidated basis and operates as one reportable segment, and the CODM's primary measure of segment profit or loss is net loss.

For the Company's single reportable segment, the total amounts of segment profit or loss and segment assets are the same as net loss and total assets, respectively, presented in the accompanying consolidated financial statements.

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NOTE 12 – Segment Information (cont.)

The following table summarizes the significant expense categories reviewed by the CODM for the years ended December 31:

	2025	2024
Revenues		
Equipment revenue	\$ 37,798	\$ 305,891
Consumable revenue	170,578	460,693
Service revenue	83,933	77,091
Consulting revenue	-	115,749
Total Revenues	292,309	959,424
Costs and expenses		
Cost of goods sold	2,325,837	1,883,542
Sales expenses	2,577,864	1,147,455
Marketing expenses	1,722,401	1,124,589
Clinical research expenses	2,335,524	1,409,113
Regulatory affairs and quality assurance expenses	3,169,087	2,514,980
Other research and development expenses	5,651,154	4,256,091
General and administrative expenses	5,301,396	4,920,466
Total Costs and Expenses	23,083,263	17,256,236
Loss from Operations	(22,790,954)	(16,296,812)
Other income (expense)		
Interest income	1,180,294	257,718
Foreign currency exchange gain	1,509,925	197,867
Other expense	(5,217,827)	(13,851,604)
Total Other Income (Expense)	(2,527,608)	(13,396,019)
Net loss	\$ (25,318,562)	\$ (29,692,831)

Other segment items within net loss correspond to the consolidated statements of operations line items for interest expense, government grant income, change in fair value of convertible notes (related party), change in fair value of option liabilities, change in fair value of warrant liabilities, and other expense.

Revenues by region were as follows:

	December 31,	
	2025	2024
Europe	\$ 292,309	\$ 688,209
U.S.	-	115,749
Middle East	-	155,466
Total revenue by geography	\$ 292,309	\$ 959,424

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NOTE 12 – Segment Information (cont.)

The following table provides revenue by country based on the location where services are provided and products are sold for more than 10% of the total revenue for the years ended December 31:

	December 31,	
	2025	2024
Netherlands	\$ 156,112	\$ 98,237
Germany	112,859	167,320
Hungary	23,338	178,187
Switzerland	-	166,046
Qatar	-	155,466
U.S.	-	115,749
Other countries	-	78,419
	<u>\$ 292,309</u>	<u>\$ 959,424</u>

Product revenue by type were as follows:

	December 31,	
	2025	2024
Equipment revenue	\$ 37,798	\$ 305,891
Consumable revenue	170,578	460,693
Total product revenue	<u>\$ 208,376</u>	<u>\$ 766,584</u>

Property and equipment is held in the following countries:

	December 31,	
	2025	2024
U.S.	\$ 1,121,585	\$ 1,198,383
Germany	175,111	206,084
Other foreign countries	241,764	474,284
	<u>\$ 1,538,460</u>	<u>\$ 1,878,751</u>

No individual country other than the U.S. and Germany accounted for more than 10% of the total net book value.

See Note 1 for further details on the Company's products and services, geographic areas, and major customers.

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NOTE 13 – Related Party Transactions

K.A.H.R. Foundation is considered a related party based on its ownership interest in the Company, its position as the sole holder of the Company's unsecured, unquoted convertible promissory notes and related warrants issued under the Securities Purchase Agreement dated December 16, 2022, and its contractual right to designate a member of the Company's Board of Directors. See Note 7 for further details on the convertible notes and warrants. Pursuant to the Securities Purchase Agreement, K.A.H.R. Foundation has the right, for so long as the convertible notes are outstanding, to designate one individual to serve as a member of the Company's Board of Directors (the "Lender Nominee"). Dr. Jeffrey Leighton has served as the Lender Nominee since July 2024.

In February 2024, an affiliate of K.A.H.R. Foundation purchased 1,666,667 shares of common stock in the Company's U.S. placement for an aggregate purchase price of \$500,000, on the same terms as other investors in the offering. See Note 10 for further information regarding this placement.

NOTE 14 – Subsequent Events

For the year ended December 31, 2025, the Company evaluated, for potential recognition and disclosure, events that occurred through the date the consolidated financial statements were available for issuance, February 24, 2026.

In January 2026, the Company received 510(k) clearance under the premarket notification process from the U.S. Food and Drug Administration ("FDA") for its Vision-MR Diagnostic Catheter and its NorthStar Mapping System. At December 31, 2025, the related performance-based stock options associated with these regulatory milestones were assessed as not probable of achievement under ASC 718, as discussed in Note 10, and, accordingly, no stock-based compensation expense was recognized for these awards as of that date. The January 2026 FDA clearances caused the related performance conditions to be satisfied and certain performance-based stock options to vest, and the Company expects to recognize approximately \$773,000 of additional stock-based compensation expense during 2026 in connection with these awards.