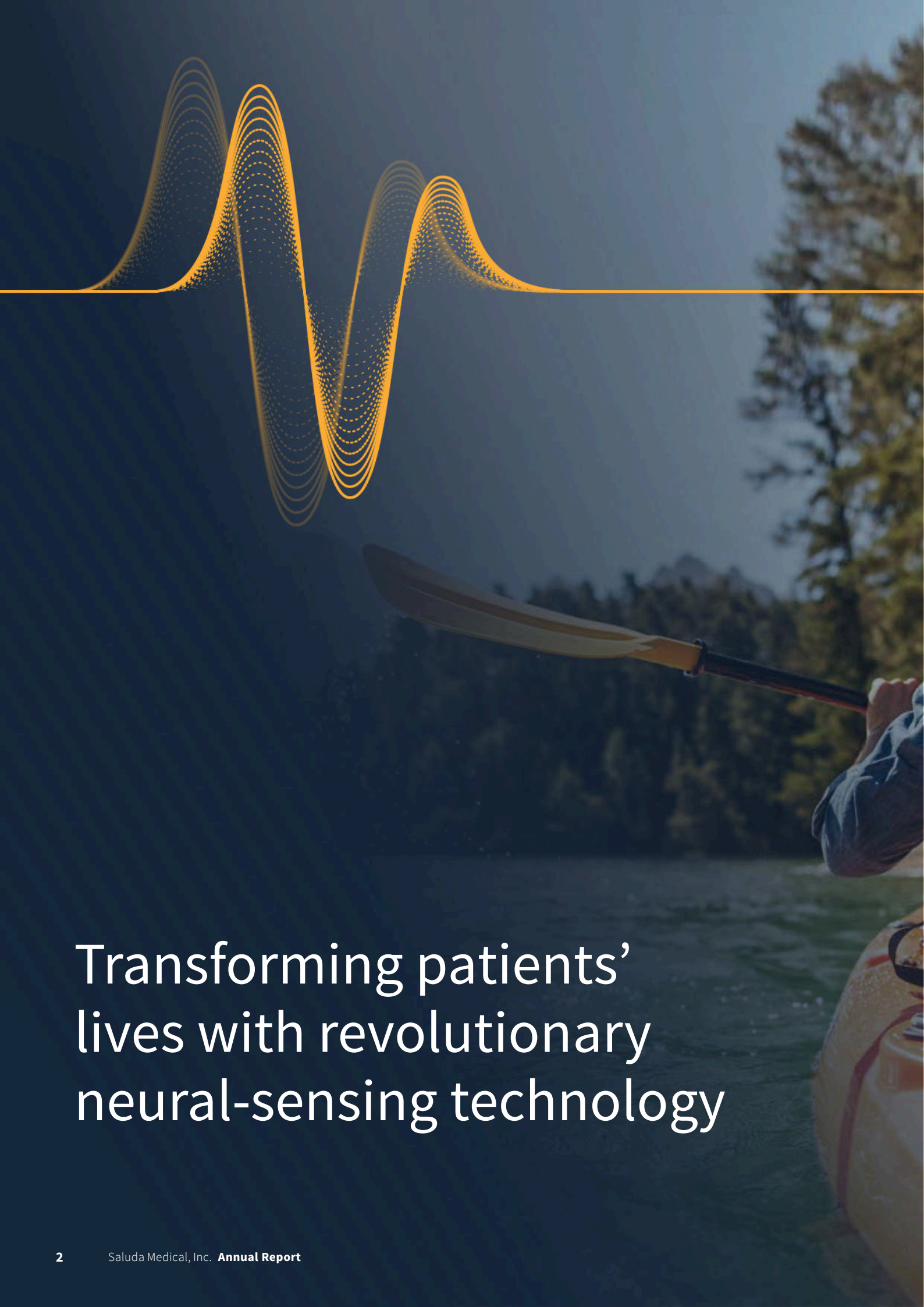




Annual Report

June 30, 2026

Saluda Medical, Inc.
ARBN 691 140 360

A person is kayaking on a river, with a stylized orange wave graphic overlaid on the image. The wave is composed of multiple concentric lines, creating a sense of motion and depth. The background shows a river with green water, a forested shoreline, and a clear sky.

Transforming patients' lives with revolutionary neural-sensing technology



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FY26 Highlights



+28%

FY26 YoY
revenue growth



+21%

U.S. FY26 average quarterly
active implanting physicians



+4%

Revenue vs
upgraded guidance



~\$670m¹

Additional SCS
market opened



10.5²

EVA automated programming
time in minutes

1. The paddle lead market segment, which generated an estimated US\$670 million in revenue in 2024, represents approximately 30% of the total U.S. SCS market and is now accessible following U.S. FDA approval of Saluda's PMA supplement for its CAP24 paddle lead.

2. Smith GL, Deer T, Sayed D, et al. Neural Dosing using EVOKE™ Therapy with EVA™ Sensing Technology Parallels Maximum Analgesia Requirements. Poster presented at the North American Neuromodulation Society (NANS) Annual Meeting, 2026.



Letter from the Chair

Dear Stockholders,

FY26 was a milestone year for Saluda Medical and marked the beginning of our journey as a publicly listed company.

In November 2025, Saluda successfully completed its Initial Public Offering and listed on the Australian Securities Exchange. The IPO provided capital to support the Company's next phase of growth while introducing Saluda to a broader base of stockholders who share our belief in the long-term potential of our technology and mission.

Since its founding, Saluda has pursued a singular objective: to improve patient outcomes through objective, physiologically guided neuromodulation. While the Company has made substantial progress over many years developing and validating its technology, FY26 demonstrated that Saluda is now increasingly translating that innovation into commercial momentum.

The Board was pleased with the Company's execution during the year. Saluda delivered revenue growth above upgraded guidance, expanded gross margins and achieved adjusted EBITDA and operating cash flow outcomes ahead of the expectations communicated at the time of the IPO. Importantly, these results were supported by continued growth in physician adoption, patient implants and utilization of the Evoke® System.



A significant achievement during the year was FDA approval of the CAP24™ paddle lead, which expands the Evoke® System portfolio into surgical paddle lead procedures and broadens the market opportunity available to the Company. The Board believes CAP24 represents an important strategic advancement for Saluda and further strengthens the Company's long-term growth prospects.

While we are encouraged by the Company's progress, we remain mindful that Saluda continues to operate in an investment phase. The Board is focused on balancing the significant market opportunity before us with disciplined capital allocation, prudent risk management and the ongoing development of a scalable commercial organization. As with many growth-stage medical technology companies, continued execution against the Company's commercial and financial objectives remains critical to long-term value creation.

During the year, the Board also continued building the governance, reporting and oversight frameworks expected of an ASX-listed company. We remain committed to maintaining high standards of corporate governance and transparency as the Company grows.

Following year-end, the Company announced a leadership transition. On behalf of the Board, I would like to thank Barry Regan for his leadership and contribution to Saluda, including guiding the Company through its IPO and an important period of commercial expansion. We are pleased to welcome Michael Mathias (formerly, our Chief Commercial Officer) as Chief Executive Officer and look forward to supporting him as Saluda enters its next phase of development.

Chronic pain remains one of the largest and most underserved healthcare markets globally. We believe Saluda's differentiated technology, growing body of clinical evidence, expanding product portfolio and increasing commercial scale position the Company well to pursue the substantial opportunity ahead.

On behalf of the Board, I thank our employees, physicians, patients and stockholders for their continued support and confidence in Saluda Medical.

Sincerely,



Douglas Godshall
Chair

FY26 demonstrated that Saluda is now increasingly translating innovation into commercial momentum.

Douglas Godshall, Chair



Letter from the CEO

Dear Stockholders,

FY26 was a defining year for Saluda Medical. We entered the year focused on executing the next phase of our commercial growth strategy and exited the year having delivered record revenue, achieved key operational objectives, expanded our addressable market and established a strong foundation for future growth. Most importantly, more patients are benefiting from Evoke® Therapy than ever before.

During FY26 we generated revenue of US\$90.2 million, representing growth of 28% compared to FY25 and exceeding our upgraded guidance. Revenue growth was supported by continued expansion in the number of physicians using Evoke® Therapy, increasing utilization within existing physician accounts and strong commercial execution across both our U.S. and international markets.

We also continued to see encouraging progress in the underlying operating metrics that we believe drive long-term value creation. U.S. implanted patients increased 34%, active implanting physicians increased 21%, and physician utilization continued to improve. These metrics reflect growing confidence in our technology, increasing clinical experience among physicians and the benefits of our expanding commercial infrastructure. While we are pleased with this progress, we believe we remain in the early stages of our commercial opportunity.

Today, Saluda has penetrated only a small percentage of the estimated U.S. spinal cord stimulation physician universe. Chronic pain remains one of the largest and most underserved healthcare markets globally, and we continue to believe there is substantial opportunity for broader physician adoption, greater patient access and market share expansion.

A major milestone during FY26 was FDA approval of our CAP24™ paddle lead. CAP24 expands the Evoke® System portfolio into surgical paddle lead procedures and allows us to serve neurosurgeons and orthopedic spine surgeons who have historically been outside our addressable market. We believe this approval significantly strengthens the Company's future growth opportunity and further differentiates Saluda within the spinal cord stimulation industry. Innovation remains central to our strategy.

During FY26 we completed the global rollout of EVA™, our automated programming platform, which utilizes objective physiologic data and advanced algorithms to simplify therapy programming and improve workflow efficiency. We continue to leverage our unique ability to measure neural activation directly and believe our objective, physiologic approach to therapy optimization represents a meaningful advancement in neuromodulation.

Just as important as our technology is the organization we are building around it. During FY26 we continued investing in our commercial organization, clinical education programs, physician training initiatives and product development capabilities. These investments are intended to support long-term growth while creating a scalable operating model capable of delivering increasing operating leverage over time.

Our financial results also demonstrated encouraging progress toward a more scalable business model. Gross margin increased by 230 basis points to 48.9%, while cash used in operations improved compared to FY25 and was better than the estimate included in the IPO prospectus. We believe these results reflect the combination of growing commercial scale, improving productivity and disciplined operational execution.

Looking ahead, our priorities remain clear:

- Continue growing physician adoption and utilization.
- Execute the phased launch of CAP24.
- Expand awareness of objective physiologic closed-loop neuromodulation.
- Continue driving gross margin expansion & operating leverage.
- Advance future product and platform innovations.
- Improve patient outcomes while building long-term stockholder value.

For FY27, we have guided to revenue growth of 25% to 35%, gross margin of 50% to 52% and an adjusted EBITDA loss of between US\$101 million and US\$95 million. This guidance reflects our expectation that revenue growth will increasingly outpace operating expense growth, driving improved operating leverage as the business scales.

I would like to thank our employees, physicians, patients, stockholders and Board of Directors for their continued support and commitment. We remain focused on executing our strategy and believe Saluda is well positioned to build upon the momentum established during FY26.

Sincerely,



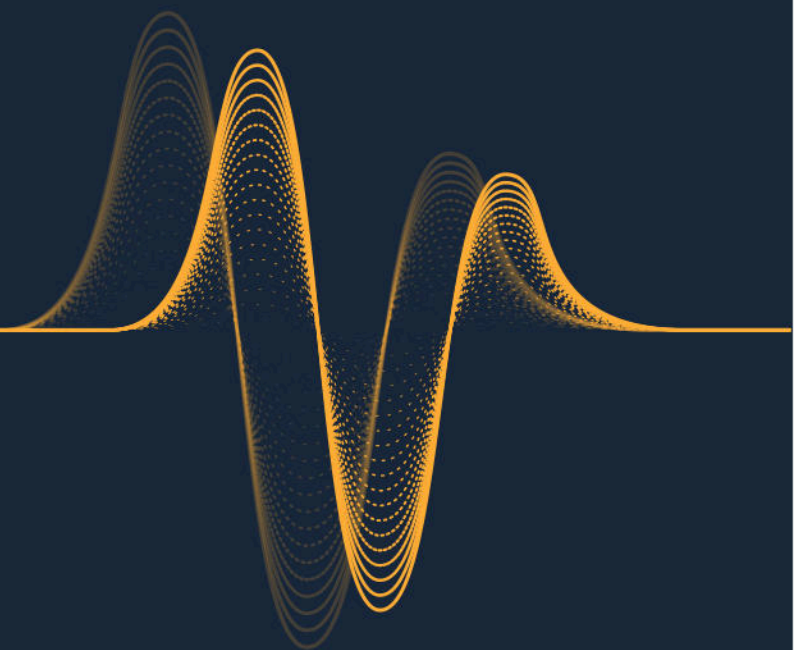
Michael Mathias
Chief Executive Officer

“ Most importantly, more patients are benefiting from Evoke® Therapy than ever before.

Michael Mathias, Chief Executive Officer



Board and Leadership Team



Board of Directors



Douglas Godshall
**CHAIR, INDEPENDENT
NON-EXECUTIVE DIRECTOR**

CHAIR OF NOMINATING AND
GOVERNANCE COMMITTEE

Mr Godshall is a seasoned executive with extensive experience founding, funding, operating, and selling medical device companies. Since 2022, Mr Godshall has served as chair of the board of directors of Galvanize Therapeutics, a biomedical platform company and has served as Chair and Chief Executive Officer since July 2025. Mr Godshall has served as Chair of the Medical Device Manufacturers Association (MDMA) since June 2025. In addition to his role with the Company, Mr Godshall was President, CEO and a director of Shockwave Medical Inc. (Shockwave) (NASDAQ:SWAV), a commercial-stage cardiovascular medical device company, from May 2017 until its sale to Johnson & Johnson in May 2024. Prior to Shockwave, from September 2006 to August 2016, Mr Godshall served as CEO of HeartWare International, Inc. (ASX:HIN and NASDAQ:HTWR), which was acquired by Medtronic plc. Mr Godshall also previously served as a director of Eyepoint Pharmaceuticals, Inc. (NASDAQ:EYPT). Mr Godshall received his B.A. in economics from Lafayette College and his M.B.A. from Northeastern University.



Michael Mathias
**CEO AND EXECUTIVE
DIRECTOR**

MEMBER OF NOMINATING AND
GOVERNANCE COMMITTEE

Mr Mathias has served as CEO of Saluda since September 2026 and is responsible for the overall management and strategic direction of Saluda. Mr Mathias previously served as Chief Commercial Officer of Saluda from November 2024 to September 2026. From March 2024 to October 2024, Mr Mathias served as CCO of Endologix LLC, a medical equipment manufacturer. Prior to that, from December 2022 to February 2024, Mr Mathias served as Vice President of Commercial Operations of LimFlow SA, which was acquired by Inari Medical, Inc. in November 2023. From September 2014 to October 2022, Mr Mathias held various roles of increasing responsibility at Medtronic plc, a global healthcare technology company, including Vice President of Commercial Operations, U.S. Region, Structural Heart. Mr Mathias received his B.S. in Arabic and French studies from the United States Military Academy at West Point and his M.B.A. from the University of Minnesota.



Geoffrey Brooke M.B.B.S.
**INDEPENDENT
NON-EXECUTIVE DIRECTOR**

MEMBER OF NOMINATING AND
GOVERNANCE COMMITTEE

Dr Brooke has served as a Director of Saluda Medical Pty Limited and subsequently the Company since October 2020. Since 2020, he has served as Senior Partner of BioScience Managers Pty Limited, an international healthcare investment firm. He has over 30 years of healthcare venture capital management and investment experience. Dr Brooke has also served as director of Cynata Therapeutics Ltd (ASX:CYP) since May 2019, where he currently serves as the non-executive chair of the board, Actinogen Medical Ltd (ASX:ACW) since March 2017, where he currently serves as non-executive chair of the board, and Acrux Ltd (ASX:ACR) since June 2016. Dr Brooke received his M.B.A. from the Institut pour l'Etude des Methodes de Direction de l'Entreprise (now the International Institute for Management Development) in Switzerland and his M.B.B.S. from the University of Melbourne.



Robert Faulkner
**NON-EXECUTIVE DIRECTOR
(NOT INDEPENDENT)**

MEMBER OF AUDIT & RISK COMMITTEE
MEMBER OF COMPENSATION COMMITTEE

Mr Faulkner has served as a Director of Saluda Medical Pty Limited and subsequently the Company since June 2019. Since February 2008, Mr Faulkner has served as Managing Director of Redmile Group, LLC, a healthcare-focused investment firm. Mr Faulkner has also previously served as a director of Augmedix, Inc. (NASDAQ:AUGX) and served as chair of the board of Science 37 Holdings, Inc. from October 2021 until March 2024, and as chair of the board of MedAvail Holdings, Inc. from November 2020 until February 2024. Mr Faulkner received his B.A from Harvard College and his M.B.A. from the Tuck School of Business at Dartmouth College.



Catherine Livingstone AC
INDEPENDENT
NON-EXECUTIVE DIRECTOR
CHAIR OF AUDIT & RISK COMMITTEE

Ms Livingstone AC has served as a Director of Saluda Medical Pty Limited and subsequently the Company since January 2013. Ms Livingstone is also the non-executive chair of Pacific National, and a non-executive director of the Australian Ballet and Quasar Satellite Technologies. From December 2016 to November 2025, Ms Livingstone served as Chancellor of the University of Technology Sydney. She also previously served as a non-executive director of the Australian Design Council. From March 2016 to August 2022, Ms Livingstone served as a director of the Commonwealth Bank of Australia (ASX:CBA) and as chair of the board from January 2017 to August 2022. From June 1994 to October 2000, Ms Livingstone served as CEO of Cochlear Limited (ASX:COH), an implantable hearing medical device company. Ms Livingstone received her B.A. with Honours (First Class) in accounting from Macquarie University in Sydney.



Robert Palmisano
INDEPENDENT
NON-EXECUTIVE DIRECTOR
MEMBER OF COMPENSATION
COMMITTEE

Mr Palmisano has served as a Director of Saluda Medical Pty Limited and subsequently the Company since April 2022. He has been a director of RxSight, Inc., a commercial-stage medical technology company, since August 2021. From December 2020, he was Chair and CEO of Priveterra Acquisition Corp. until its business combination with AEON Biopharma, Inc. (AEON) in July 2023, and he remains a non-executive director of AEON. From September 2011 to November 2020, Mr Palmisano was President and CEO of Wright Medical, a global medical device company acquired by Stryker Corporation. Before that, he was CEO of ev3 Inc., a global endovascular device company acquired by Covidien plc, from 2008 to 2010. From 2003 to 2007, he was President and CEO of IntraLase Corp., an ophthalmic laser technology company acquired by Advanced Medical Optics, Inc. He chaired the board of Avedro, Inc. from June 2014 to June 2019. Mr Palmisano holds a B.A. from Providence College, which awarded him an honorary Doctor of Business Administration in 2023.



Quentin Blackford
INDEPENDENT
NON-EXECUTIVE DIRECTOR
CHAIR OF COMPENSATION COMMITTEE
MEMBER OF AUDIT & RISK COMMITTEE

Mr Blackford has served as a Non-executive Director of the Company since November 2025. He has been President and CEO of iRhythm Technologies, Inc., a Nasdaq-listed digital healthcare solutions company focused on advancing cardiac care, since October 2021. From September 2017 to September 2021, Mr Blackford held various roles at Dexcom, most recently as COO. From February 2009 to September 2017, he held various roles at NuVasive, Inc., a medical device company specializing in minimally invasive spine surgery, most recently as CFO. From June 1999 to September 2009, Mr Blackford was director of finance and controller of the dental division at Zimmer Holdings, Inc., a medical device company. He has been an independent director of Alphatec Holdings, Inc. since October 2017 and Paragon 28, Inc. since August 2022. He is a Certified Public Accountant (inactive) and holds dual B.S. degrees in Accounting and Business Administration from Grace College.

Senior Leadership Team



Michael Mathias
CEO AND EXECUTIVE DIRECTOR

Refer to page 8.



James Erickson
CHIEF FINANCIAL OFFICER

Mr Erickson has served as CFO of Saluda since November 2023. He has over 20 years of experience in senior and executive positions in finance, operations and administration, with 18 years in medical device and technology companies. From November 2015 to November 2023, he held various roles at Monteris Medical Corporation, a medical device company, including CFO and Head of Marketing, overseeing accounting and finance operations and providing strategic direction and oversight. From May 2007 to October 2015, he held roles of increasing responsibility at Tornier N.V., a global medical device company, including positions such as Vice President, Global Controller & Vice President, Global Finance. Following the announcement of Tornier N.V.'s merger with Wright Medical in 2015, he became Vice President, Integration, leading the global Integration Management Office. He received his B.B.A. in accounting from the University of Iowa.



Kristin Caplice
CHIEF LEGAL OFFICER

Ms Caplice has served as CLO and Secretary of Saluda since November 2021. From September 2018 to November 2021, Ms Caplice served as Senior Vice President, General Counsel and Global Head of Compliance for Bruker Corporation, a life science instruments and diagnostic solutions company, where she oversaw global legal operations, corporate governance, finance and compliance matters. From June 2012 to April 2018, Ms Caplice held roles of increasing responsibility, including General Counsel and Corporate Secretary at Cimpres, a Nasdaq-listed mass customization technology company. She also held legal leadership positions at Analog Devices and Boston Scientific Corporation. Ms Caplice received her B.A. in government from the University of Texas at Austin and her J.D. from Harvard Law School.



Aidan O'Sullivan
CHIEF OPERATIONS OFFICER

Mr O'Sullivan joined Saluda in October 2025 as COO. He has more than 25 years of progressive leadership positions in semiconductors, electronics and medical device companies. Prior to joining Saluda, he held numerous positions within Quality & Operations at Dexcom, serving as the Vice President of U.S. Manufacturing, Senior Vice President of Global Engineering Services and also as the Senior Vice President of Quality/Design Assurance and Customer Advocacy. Mr O'Sullivan also spent 15 years at Boston Scientific Corporation primarily supporting New Product Development in the Endoscopy, Urology, Cardiac Rhythm & Neuromodulation businesses most recently serving as the Vice President of Operations. Mr O'Sullivan received a Bachelor of Science in Applied Physics from the University of Limerick, Ireland.



David First
CHIEF PEOPLE OFFICER

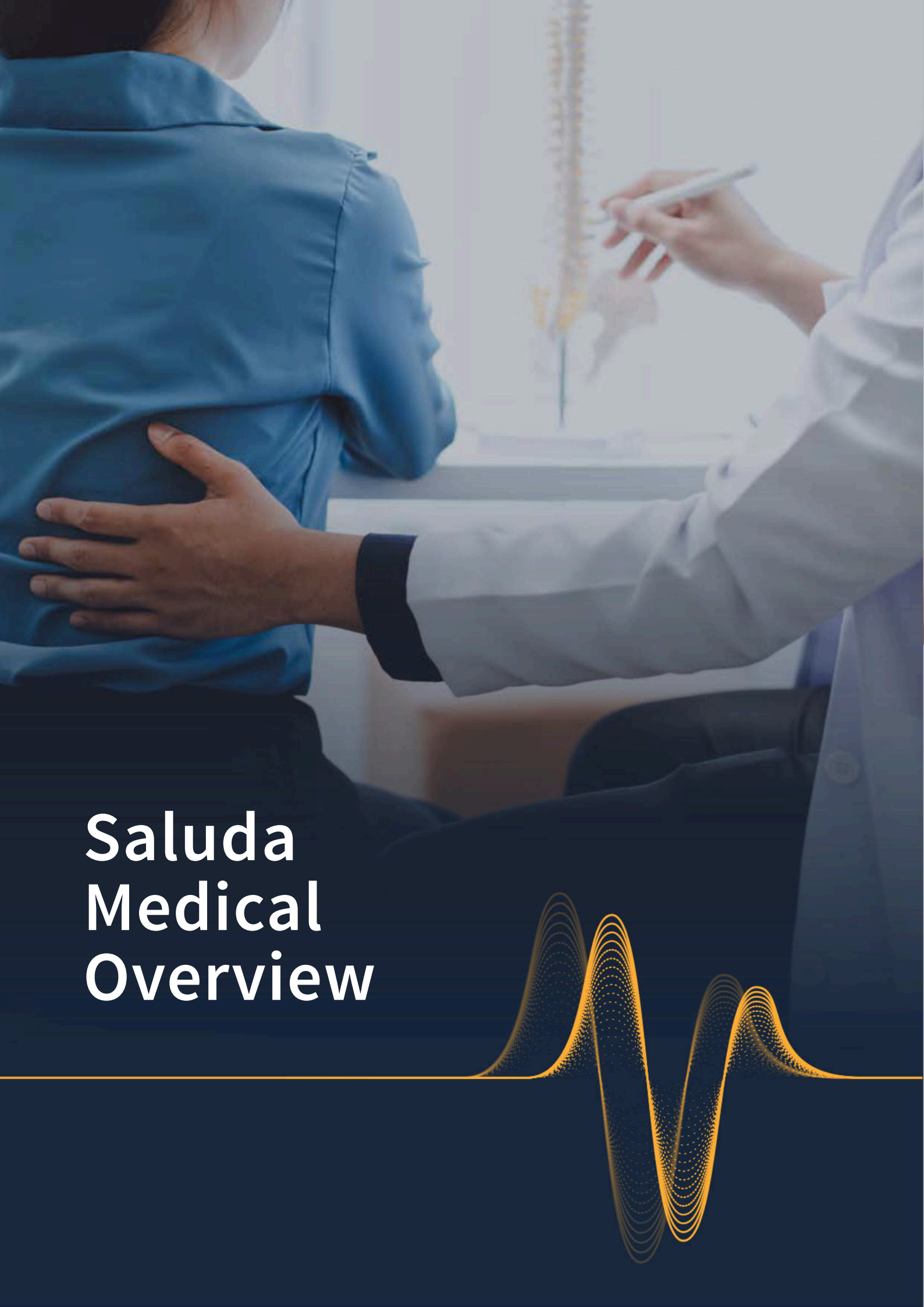
Mr First has extensive experience in small and large med/biotech companies. He has helped companies manage through evolutions from private to public, including IPOs. His broad expertise includes people management, growing diverse high-performing teams, organizational development, strategic compensation strategies and practices, recruitment, and retention. Mr First has held executive human resources roles at SQZ Bio, Avedro, Biogen, and HeartWare. Mr First holds an MAT in Mathematics and a BA in Economics from Union College, NY.



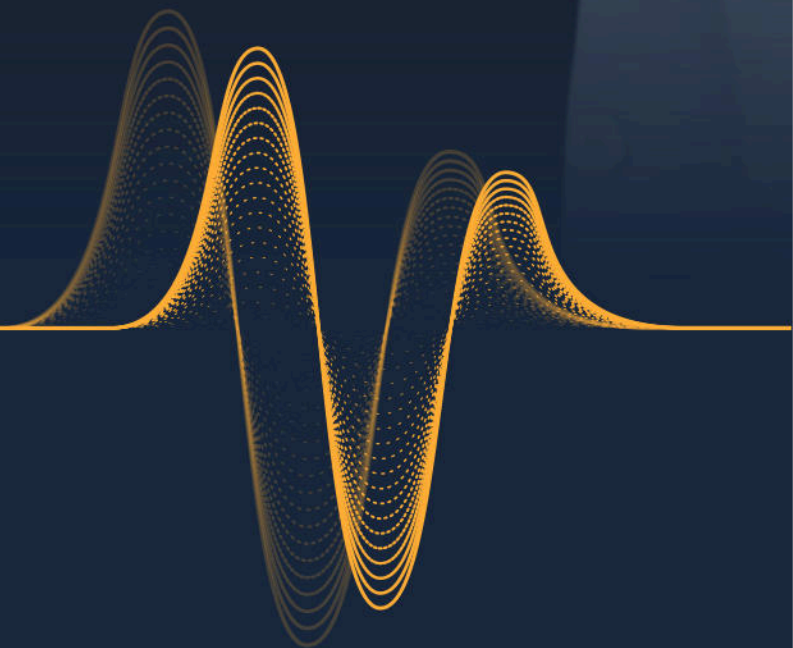
Dean Karantonis
CHIEF TECHNOLOGY OFFICER

Dr Karantonis was one of the initial members of the Implant Systems team at NICTA that developed the world's first closed-loop neuromodulation system, then commercialized by Saluda Medical where he has held various R&D roles since its inception. He has over 20 years of experience in the biomedical and medical device sectors with a focus on software, embedded systems, and therapeutic algorithm development. He graduated with the BE (Hons)/MBiomedE degree in computer and biomedical engineering from the University of New South Wales (UNSW), Sydney, Australia, and completed a PhD degree with the Graduate School of Biomedical Engineering at UNSW.





Saluda Medical Overview



The directors are pleased to present the 2026 Annual Report for the consolidated entity consisting of Saluda Medical, Inc. (the Company or Saluda) and its controlled entities (Group).

Saluda Medical Overview



Transforming the treatment of chronic pain through objective neural-sensing technology

SALUDA MEDICAL AT A GLANCE

Saluda Medical is a commercial-stage medical device company focused on developing treatments for chronic neurological conditions using its proprietary closed-loop neuromodulation platform.

The Company's first commercial product, the Evoke® System, is used in spinal cord stimulation (SCS) therapy for the treatment of chronic, intractable pain. Unlike conventional SCS systems, Evoke® is designed to measure the spinal cord's physiologic response to stimulation and automatically adjust therapy based on objective neural feedback.

Saluda believes that objective physiologic measurement and dose optimization have the potential to improve therapy consistency, simplify long-term therapy management, and improve outcomes for patients living with chronic pain.

Today, Saluda commercializes the Evoke® System across the United States, Europe and Australia and continues to expand physician adoption, commercial capabilities and product offerings built upon its proprietary neural-sensing platform.



**Commercial-stage
medical device company**



**Operations across the
US, Europe, and Australia**



FDA-approved Evoke® System



**Proprietary neural-sensing
technology platform**



**Focused on chronic pain
and neuromodulation**

A Large and Established Market with Multiple Paths for Growth



THE SPINAL CORD STIMULATION MARKET

Spinal cord stimulation (SCS) is an established therapy used to treat certain patients suffering from chronic, intractable pain. The market has evolved over several decades and today includes a broad range of physicians, patients and procedural approaches.

The U.S. SCS market generally comprises three segments: de novo percutaneous procedures, de novo paddle lead procedures and replacement procedures. Historically, Saluda's commercial focus has been primarily within the de novo percutaneous market through the Evoke® System. During FY26, FDA approval of the CAP24™ paddle lead expanded the Company's ability to participate in the surgical paddle lead segment of the market.

Saluda believes the market continues to provide significant growth opportunities through physician adoption, increased utilization, product innovation, and expansion into new channels and procedures.

A DIFFERENT APPROACH TO SPINAL CORD STIMULATION

Traditional spinal cord stimulation systems deliver programmed electrical stimulation but do not continuously measure whether the intended level of neural activation has been achieved.

The Evoke® System was designed to address this challenge.

Using Evoked Compound Action Potentials (ECAPs), the Evoke® System measures the spinal cord's physiologic response to stimulation and uses that information to automatically adjust therapy toward a prescribed neural activation target.

Saluda believes that objective physiologic measurement provides physicians with a fundamentally different approach to therapy optimization by enabling therapy to respond dynamically to changes that occur throughout daily life.

This capability forms the foundation of Saluda's differentiated closed-loop neuromodulation technology.

BUILT ON A FOUNDATION OF NEURAL SENSING

Saluda's products are built upon a common foundation: the ability to measure the spinal cord's physiologic response to stimulation and use that information to support therapy optimization.

The Evoke® System incorporates Saluda's proprietary neural-sensing technology and today serves as the foundation of the Company's commercial offering.

During FY26, Saluda continued expanding the capabilities available to physicians through the global rollout of EVA™, its automated programming technology, and received FDA approval for CAP24™, a paddle lead designed for surgical implantation procedures.

Together, the Evoke® System, EVA and CAP24 enable Saluda to support a broader range of physician preferences, procedural approaches and patient needs while leveraging the same underlying neural-sensing technology.



OUR STRATEGY FOR LONG-TERM GROWTH

Saluda believes future growth will be driven by continued adoption of its technology and expansion of its commercial opportunity.

The Company's strategy is focused on four key growth drivers:



Expand into New Territories

Saluda continues to expand physician access to the Evoke® System through investment in commercial infrastructure, physician education and broader geographic coverage.



Build on Existing Physician Base

Saluda believes significant opportunity remains to increase utilization within existing physician accounts. As physicians gain experience with Evoke® and identify appropriate patients, utilization growth can become an important contributor to future performance.



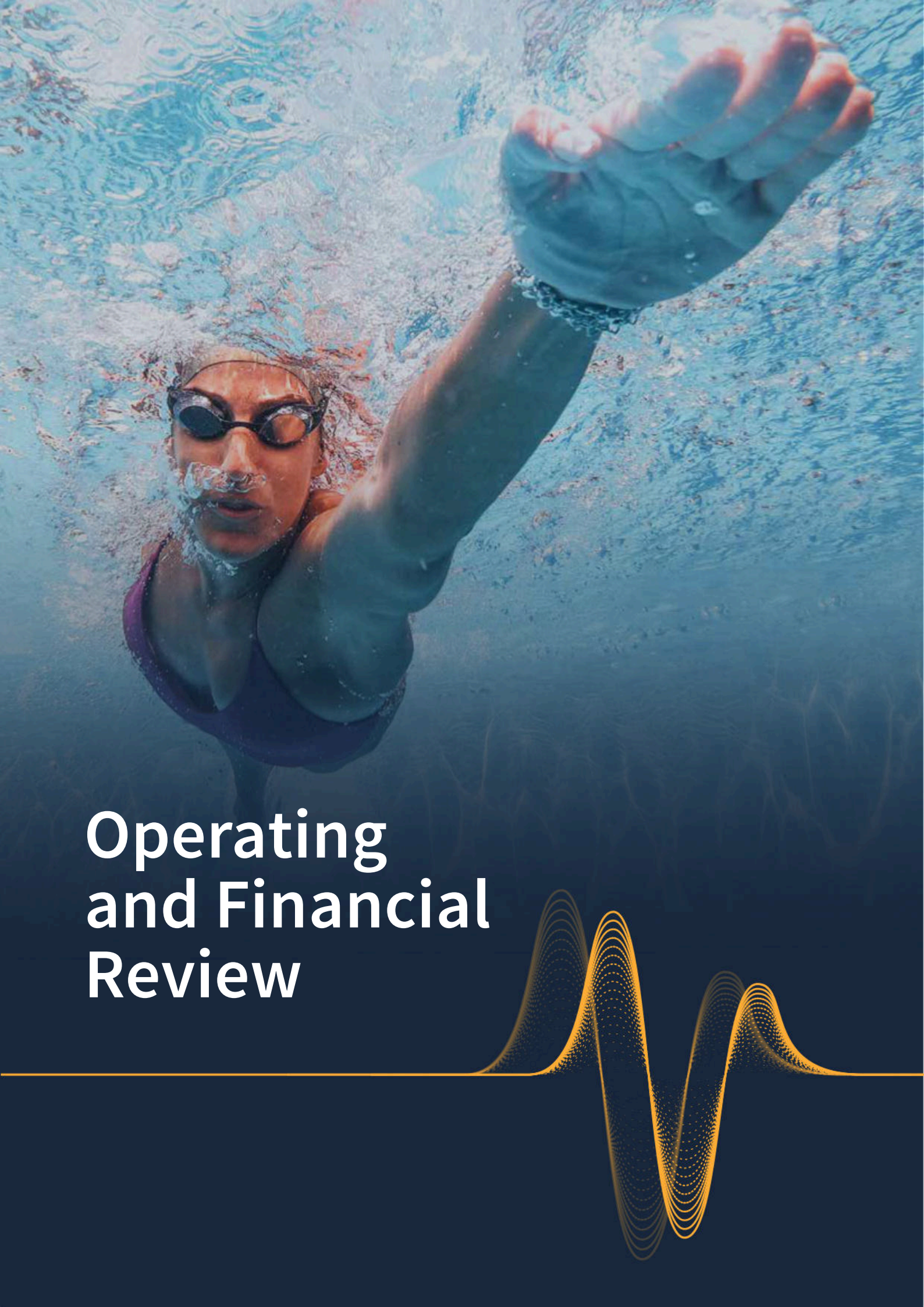
Launch New Products

Innovation remains a core element of Saluda's strategy. Recent product introductions, including EVA and CAP24, are intended to broaden physician adoption, improve workflow efficiency and expand the Company's addressable opportunity.

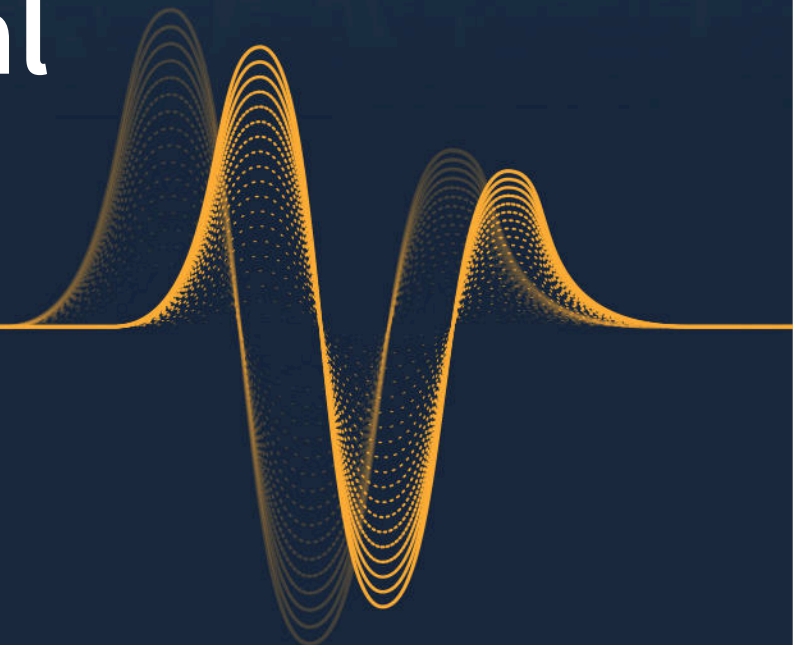


Enter New Channels

Saluda continues to pursue opportunities to expand participation within high-growth procedural settings and physician channels, including ambulatory surgery centers, surgical paddle lead procedures and over the longer term, replacement opportunities. International markets also remain an important contributor to future growth as Saluda continues to expand adoption in select geographies outside the United States.



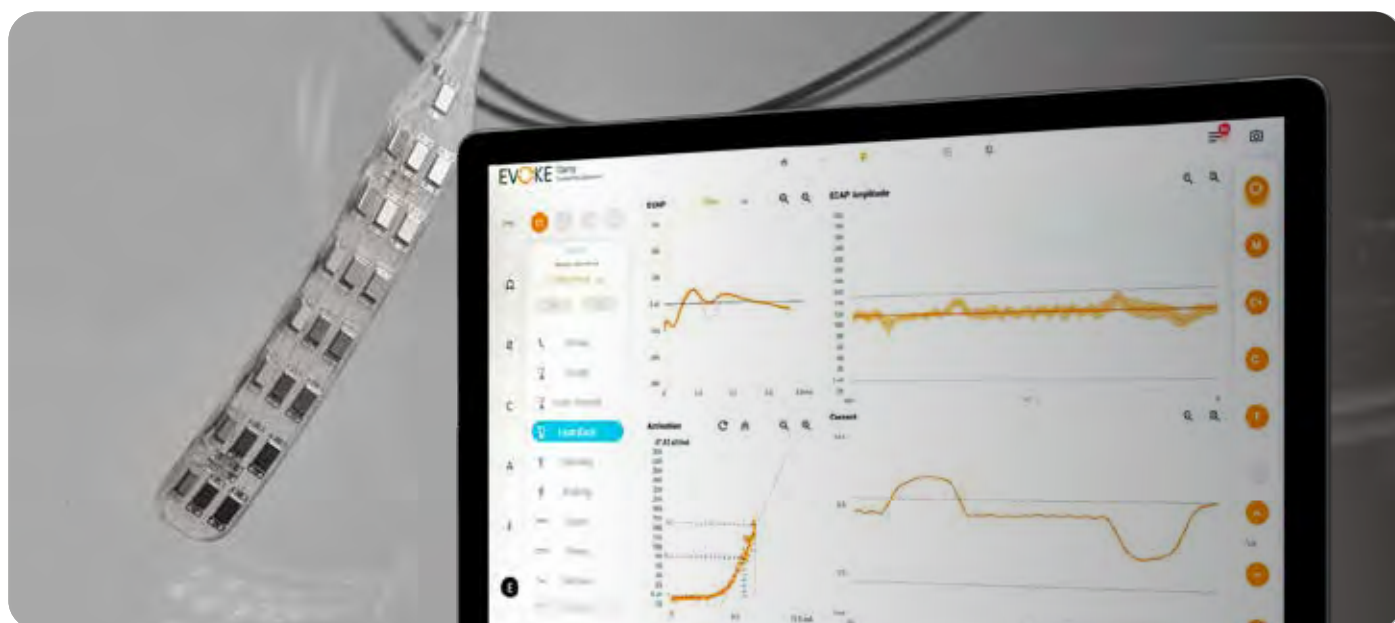
Operating and Financial Review



YEAR ENDED JUNE 30, 2026

Operating and Financial Review

FY26 was a transformational year for Saluda Medical and represented the Company's first financial year as an ASX-listed company following completion of its Initial Public Offering in November 2025.



US\$90.2m

REVENUE

+28% on FY25

48.9%

GROSS MARGIN

+230 bps on FY25

US\$63.2m

U.S. REVENUE

+27% on FY25

US\$26.9m

INTERNATIONAL REVENUE

+32% on FY25

OVERVIEW

During the year, Saluda remained focused on expanding physician adoption of the Evoke® System, increasing utilization within existing physician accounts, growing its commercial organization and advancing its product portfolio. The Company also continued building the operational and governance infrastructure required to support its development as a publicly listed company.

Operational execution during FY26 resulted in continued growth across key commercial metrics, including implanted patients, active implanting physicians and physician utilization. Revenue growth was accompanied by improved gross margin performance and operating cash outcomes that exceeded the Company's IPO prospectus expectations.

In addition, Saluda achieved several important strategic milestones during the year, including FDA approval of its CAP24™ paddle lead and the continued global rollout of EVA™, the Company's automated programming technology.

The Board and management believe these achievements demonstrate continued progress in executing the Company's strategy of driving physician adoption, improving commercial productivity and expanding the market opportunity for objective physiologic closed-loop neuromodulation.

RESULTS HIGHLIGHTS AND MILESTONES

FY26 was marked by strong commercial execution and several important corporate and product milestones.

The Company generated revenue of US\$90.2 million during FY26, representing growth of 28% compared with FY25 and exceeding upgraded guidance of US\$87.0 million. Revenue growth was supported by continued expansion of the active physician base, increased physician utilization and growth in implanted patients across both U.S. and international markets.

Gross margin increased to 48.9%, representing an improvement of 230 basis points compared with FY25 and exceeding the estimate contained within the Company's IPO prospectus. Adjusted EBITDA and cash used in operations also performed ahead of prospectus expectations.



FY26 REVENUE BY REGION



KEY MILESTONES ACHIEVED DURING FY26

- | | |
|--|--|
| <div>01</div> <div>Completion of Saluda's ASX Initial Public Offering in November 2025.</div> | <div>02</div> <div>FDA approval of the CAP24™ paddle lead.</div> |
| <div>03</div> <div>Continued rollout of EVA™ automated programming technology across commercial geographies.</div> | <div>04</div> <div>Expansion of the U.S. commercial organization and achievement of full-year sales force targets.</div> |
| <div>05</div> <div>Continued growth in physician adoption and physician utilization.</div> | <div>06</div> <div>Ongoing expansion into high-volume ambulatory surgery center accounts.</div> |

U.S. PERFORMANCE

The United States remains Saluda's largest market and primary growth driver.

U.S. revenue increased 27% to US\$63.2 million during FY26, reflecting continued adoption of the Evoke® System and growth in active physician accounts. FY26 revenue growth was supported by a 34% increase in implanted patients, a 21% increase in active implanting physicians and an 11% increase in active physician utilization.

The Company continued investing in its commercial infrastructure throughout the year. During FY26, Saluda achieved an average of 89 fully trained U.S. sales representatives and ended the year with 161 total U.S. sales representatives. The commercial organization continued expanding geographic coverage while increasing physician education and market development activities.

Management believes the U.S. opportunity remains substantial. At the end of FY26, approximately 4% of the existing U.S. spinal cord stimulation physician population was actively implanting the Evoke® System. Future growth is expected to be supported by expansion into new territories, increased utilization within existing physician accounts, new product introductions and growth in emerging procedural channels.

INTERNATIONAL PERFORMANCE

International revenue increased 32% to US\$26.9 million during FY26, driven by continued customer demand across Europe and Australia.

The Company continued investing in selected international markets while maintaining a disciplined approach to resource allocation. International growth was supported by increased physician adoption as well as the continued rollout of EVA™ automated programming technology.

The Company also benefited from the recognition of approximately US\$1.3 million of deferred revenue as a result of the introduction of EVA within Europe, including approximately US\$0.7 million in the third quarter and US\$0.6 million in the fourth quarter.

Management believes international markets remain an important contributor to future growth and provide additional opportunities to expand awareness and adoption of objective physiologic closed-loop neuromodulation.



CAP24™ PADDLE LEAD APPROVAL

At the end of the June quarter, Saluda received U.S. FDA approval of its Pre-Market Approval (PMA) supplement for its newly designed CAP24 paddle lead, allowing it to be marketed and sold in the U.S.

The CAP24 paddle lead expands the Evoke® System portfolio into surgical paddle lead procedures and enables Saluda to target neurosurgeons and orthopedic spine surgeons, who generally prefer surgical implantation of a paddle lead. Critically, CAP24 expands Saluda into a previously unaddressed segment of the spinal cord stimulation (SCS) market and broadens the number of physicians able to utilize Evoke® Therapy. Access to this paddle lead market segment, which generated an estimated US\$670 million in revenue in 2024, represents approximately 30% of the total U.S. SCS market.

INITIAL PUBLIC OFFERING

In November 2025, Saluda listed on the Australian Securities Exchange (ASX) following the completion of an initial public offering (IPO) and private placement to investors in the United States.

Raising a total of A\$230.8 million (~US\$150 million) by the issue of 87,082,730 CDIs at an issue price of A\$2.65 per CDI. Funds raised are being used to expand Saluda's sales team, and for marketing and commercial support and product development.

FINANCIAL POSITION & LIQUIDITY

Saluda's strategy remains focused on balancing investment in future growth opportunities with prudent management of its financial resources.

During FY26, the Company continued investing in commercial expansion and product innovation while maintaining a strong focus on cash management and operating discipline. At June 30, 2026, Saluda reported cash and cash equivalents of US\$116.4 million. During the fourth quarter of FY26, the Company drew the second available tranche under its existing debt facility, increasing cash by approximately US\$24.6 million net of transaction costs.

At year end, Saluda reported total available funding of US\$141.4 million, comprising cash on hand and US\$25.0 million of remaining available financing capacity under its existing facility, subject to applicable conditions not yet met and availability through December 31, 2026.

The Company continues to invest in commercial expansion, physician education, product development and operational capabilities to support future growth. Cash used in operations during FY26 improved to US\$116.0 million compared with US\$118.2 million in FY25 and was better than the estimate included in the IPO prospectus.

Management and the Board continue to monitor liquidity, operating performance and capital requirements as the Company executes its growth strategy. Future capital requirements will depend upon a range of factors including revenue growth, physician adoption, commercial productivity, product development activities, operating expense levels and progress toward improving operating leverage.



BUSINESS STRATEGIES, OPPORTUNITIES & OUTLOOK

Saluda enters FY27 with strong commercial momentum, a larger commercial infrastructure and further opportunities to drive continued revenue growth. The Company remains focused on increasing physician adoption and utilization, expanding awareness of objective physiologic closed-loop neuromodulation, and executing the phased launch of the newly approved CAP24 paddle lead.

Management expects continued revenue growth in FY27 to be supported by an expanding base of active implanting physicians, increasing productivity across existing physician accounts, ongoing international market development and incremental contributions from new product introductions. The Company expects to continue investing in the expansion of its commercial organization, while increasingly benefiting from the productivity of an experienced and growing sales force. As physician utilization and sales representative productivity continue to improve, management expects revenue growth to outpace growth in operating expenses, resulting in operating leverage and improved adjusted EBITDA performance.

Saluda also expects to deliver further gross margin expansion through a combination of manufacturing efficiencies, product cost improvements, and continued optimization of product and geographic mix. These improvements are expected to partially offset the impact of volume-based pricing associated with larger ASC accounts.

Additionally, as commercial infrastructure investments mature and sales force productivity continues to improve, operating expenses are expected to grow at a slower rate than revenue. Importantly, Saluda believes that the combination of future gross margin expansion and operating expense leverage will allow for future adjusted EBITDA improvement.



MATERIAL BUSINESS RISKS

The material business risks faced by the Group that have the potential to impact the financial prospects of the Group include:

LIMITED OPERATING HISTORY AND A HISTORY OF NET LOSSES

Saluda only recently began commercial operations, launching the Evoke® System in select European countries in late 2019, in Australia in 2021, and in the U.S. in late 2022. This limited history operating as a commercial company makes it difficult to accurately assess the Company's prospects.

SUCCESSFUL COMMERCIALIZATION OF THE EVOKE® SYSTEM

All of Saluda's current and anticipated revenue is derived exclusively from sales of the Evoke® System, Saluda's only product approved for sale in any jurisdiction. The Company has no other products on the market, and there is no assurance that the Evoke® System or any future products will achieve or sustain commercial success. If Saluda is unable to successfully market and sell the Evoke® System, Saluda's business prospects will be significantly harmed.

ROLLOUT OF NEW CAP24 PADDLE LEAD

There is no assurance that the use of paddle leads with the Evoke® System will achieve meaningful commercial adoption.

LIMITED SALES AND MARKETING EXPERIENCE

Saluda has limited experience marketing and selling the Evoke® System. If Saluda is unable to expand, manage and maintain its direct sales and marketing capabilities in the United States and internationally, it may negatively affect Saluda's ability to generate revenue growth.

COMPETITION

Saluda faces significant competition, and if it is unable to compete effectively, Saluda may not be able to achieve or maintain significant market penetration or improve its operating results.

ACCEPTANCE OF SCS THERAPY

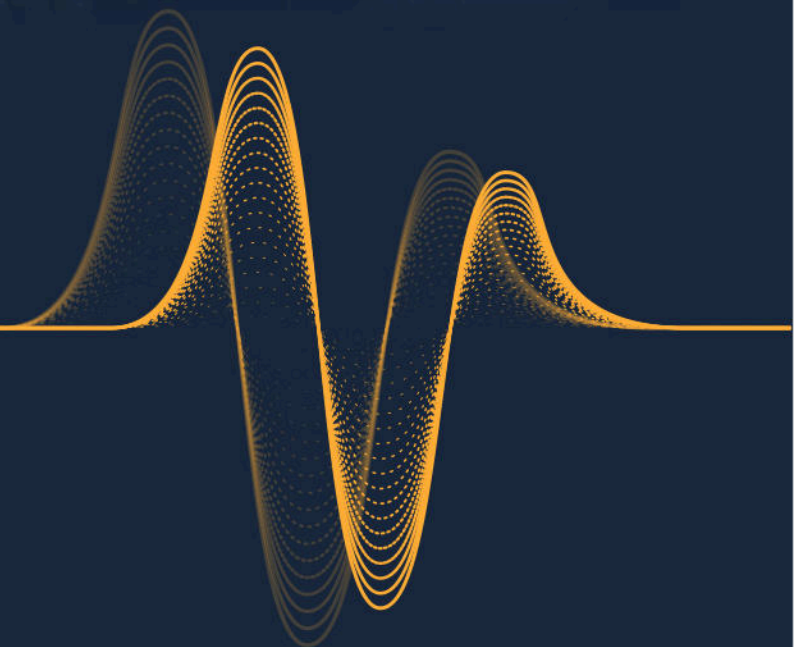
The commercial success of the Evoke® System depends on the acceptance of SCS therapy among hospitals, ASCs, clinicians, patients and payors. If Saluda fails to expand market awareness and acceptance, the adoption of the Evoke® System may stall and adversely affect operating results.

Beyond these risks, the Group maintains general risk exposure associated with suppliers, employee capability, intellectual property, product liability, and potential financial capacity constraints within the healthcare sector. Please refer to the Company's IPO prospectus for further details on the material business risks faced by the Group.





Directors' Report



Directors' Report

The directors present their report together with the consolidated financial statements of the Group for the financial year ended June 30, 2026 and the auditor's report thereon.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were developing treatments for chronic neurological conditions using its novel neuromodulation platform.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review that are not otherwise disclosed in this Report.

REVIEW OF OPERATIONS

A review of, and information about, the Group's operations, including the results of those operations during the year, together with information about the Group's financial position, appears on pages 17-22. Details of the Group's strategies and prospects for future financial years have been included in the Operating and Financial Review to the extent that their inclusion is not likely to result in unreasonable prejudice to the Group. In the opinion of the directors, detail that could be unreasonably prejudicial to the interests of the Group, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, has not been included.

DIRECTORS

The directors of Saluda at any time during or since the end of the financial year are:

Douglas Godshall

Barry Regan (resigned on September 6, 2026)

Michael Mathias (appointed as of September 6, 2026)

Geoffrey Brooke

Catherine Livingstone

Robert Palmisano

Robert Faulkner

Quentin Blackford (appointed in November 2025)

Andrew Cleeland (resigned on November 5, 2025)

Laureen DeBuono (resigned on October 1, 2025)

Christopher Beare (resigned on November 5, 2025)

Geoffrey Kinghorn (resigned on October 8, 2025)

Juan-Pablo Mas (resigned on November 5, 2025)

Details of the directors' qualifications, experience and any special responsibilities are set out on pages 8-9. Directorships in other listed entities are also set out on pages 8-9.

COMPANY SECRETARY

Kristin Caplice was appointed to the position of company secretary in November 2021 and also serves as the Company's Chief Legal Officer.

Details of Ms Caplice's qualifications and experience are set out on page 10.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit and Risk Committee Meetings		Compensation Committee Meetings		Nominating and Governance Committee Meetings	
	A	B	A	B	A	B	A	B
Douglas Godshall	14	15	N/A	N/A	N/A	N/A	4	4
Barry J. Regan	15	15	N/A	N/A	N/A	N/A	2	2
Geoffrey Brooke	12	15	N/A	N/A	N/A	N/A	4	4
Robert Faulkner	15	15	8	8	2	2	2	2
Catherine Livingstone	14	15	8	8	N/A	N/A	N/A	N/A
Robert Palmisano	15	15	N/A	N/A	4	4	N/A	N/A
Quentin Blackford	9	10	5	5	2	2	N/A	N/A
Andrew Cleeland	3	4	N/A	N/A	N/A	N/A	1	1
Laureen DeBuono	2	2	2	2	N/A	N/A	N/A	N/A
Christopher Beare	4	4	N/A	N/A	2	2	N/A	N/A
Geoffrey Kinghorn	1	2	N/A	N/A	N/A	N/A	N/A	N/A
Juan-Pablo Mas	4	4	N/A	N/A	2	2	N/A	N/A

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year

Directors who missed Board or Committee meetings during the financial year missed them due to unavoidable scheduling conflicts.

DIRECTORS' INTERESTS

Particulars of directors' directly, indirectly or beneficially held interests in Shares, CHESS Depositary Interests (CDIs), options or restricted stock units of Saluda at the date of this Report are as follows:

Director	Number of Shares ¹ or CDIs		Number of options	Number of restricted stock units
Current				
Douglas Godshall	288,434 Shares	368,831 CDIs	40,072	153,134
Michael Mathias	-	-	14,562	223,042
Geoffrey Brooke	-	-	-	89,883
Robert Faulkner	-	-	-	89,883
Catherine Livingstone	39,170 CDIs	-	2,911	109,857
Robert Palmisano	-	-	3,931	89,883
Quentin Blackford	290,276 CDIs	-	-	99,870
Former				
Barry J. Regan	-	-	90,651	832,247

¹One Share is equal to ten CDIs.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation.

DIVIDENDS

No dividends were paid or declared by Saluda during the year.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Refer to Note 17 of the financial statements for events which occurred subsequent to the balance sheet date. Other than the matters disclosed in Note 17, since the end of the year and to the date of this Report, no other matter or circumstance has arisen that has significantly affected or may significantly affect the Group's operations, results of those operations or state of affairs in future years.

Remuneration Report

Saluda is a Delaware domiciled company that is listed on the Australian Securities Exchange and as such is subject to remuneration disclosure requirements that are in both Australia and the United States. This remuneration report has been prepared using the requirements of section 300A of the Australian *Corporations Act 2001* (Cth) as a proxy to determine the contents that the Board has chosen to report.

This remuneration report provides details of the remuneration arrangements for Saluda's key management personnel (**KMP**):

- Non-executive Directors (NEDs)
- Chief Executive Officer (**CEO**), Michael Mathias (appointed on September 6, 2026);
- Chief Financial Officer (**CFO**), James Erickson; and
- Former CEO, Barry Regan (ceased on September 6, 2026)

KMP are those persons who, directly and indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company.

ROLE OF THE BOARD AND COMPENSATION COMMITTEE

The Saluda board of directors (Board) and its Compensation Committee are responsible for reviewing and approving remuneration and incentive policies and practices. The key purpose of the Committee is to ensure the Board is effective and high performing, making sure for example that there is an appropriate number of independent non-executive directors that represent the best interests of the Company and its stockholders and CDI holders, that formal and transparent renewal processes are in place and that directors are being remunerated fairly and responsibly.

The primary purpose of the Compensation Committee is to:

- review and approve the corporate goals and objectives with respect to the compensation of the CEO;
- evaluate the CEO's performance in light of the approved goals and objectives and, based upon this evaluation review and set, or recommend for approval by the Board, the structure of the compensation program for the CEO;
- review and approve, or recommend for approval by the Board, the compensation of the Company's other executive officers and in connection with such review will oversee the evaluation of the executive officers;
- review and approve, or recommend for approval by the Board, the Company's incentive compensation and equity-based plans and arrangements (**Plans**);
- authority to exercise the rights, authority and functions of the Board under the Company's Plans;
- review and approve any employment and severance agreements or arrangements for the Company's executive officers;
- review and make recommendations to the Board with respect to director compensation (including superannuation arrangements (where applicable), fees, travel and other benefits) and review retirement and termination payments for directors;
- evaluate and oversee the Company's succession plans for the CEO and other executive officers, including an emergency succession plan for the CEO; and
- approve or recommend to the Board the adoption of a "clawback policy" or similar policy or agreement between the Company and the Company's executive officers, or other employee.

The Compensation Committee comprises three non-executive directors: Quentin Blackford (Chair), Robert Palmisano and Robert Faulkner, of which two are independent directors (Mr Blackford and Mr Palmisano).

The Compensation Committee has a formal charter which can be viewed on the Company's website:

<https://www.saludamedical.com/international/investor-relations/>

REMUNERATION PRINCIPLES

The Saluda remuneration framework is designed to support and reinforce its principal strategic objectives and goals. The overall purpose is to facilitate the Board and its Compensation Committee to set remuneration outcomes which: (i) are competitive, equitable and designed to attract and retain high quality executives; (ii) motivate executives to pursue the long-term growth of Saluda; (iii) establish a clear relationship between executive performance and remuneration; (iv) are aligned with corporate performance and stockholder interests; and (v) ensure total remuneration is competitive by market standards.

The KMP remuneration framework is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The framework comprises the following components: (i) base salary appropriate to the position and experience and is competitive in the market; (ii) short term incentives against a set of measurable objectives specifically tailored for each KMP; and (iii) long term incentives which are aligned to delivery of long term performance and delivery of returns to stakeholders and are equity-based grants.

REMUNERATION STRUCTURE

Saluda's executive compensation packages include a mix of fixed and variable compensation, and short and long-term performance-based incentives.

The Company aims to provide a competitive base salary with reference to the role, market and experience of the individual. The performance of the Company and the individual are considered during performance review processes. During the 2026 financial year, performance reviews/goal achievement assessments were conducted of the CEO and the Company's other senior executives.

FIXED COMPENSATION

Fixed compensation consists of (i) a base salary, (ii) matching employer 401(k) retirement plan contributions equal to 100% of the first 4% of eligible compensation contributed by the employee, not to exceed 1% of the employee's eligible compensation, subject to annual IRS contribution limits, and (iii) other non-monetary benefits (including participation in the Company's executive benefit plans, including its medical, dental, vision, disability and life insurance plans).

SHORT-TERM INCENTIVES

The Company allocates cash bonuses linked to annual performance (and/or service) targets determined by the Board. The performance targets are established to promote and reward outstanding performance, beyond what is expected in the ordinary course of business. The target opportunity is set as a percentage of fixed remuneration. See details below regarding the bonuses paid to each KMP in respect of the 2026 financial year.

LONG-TERM INCENTIVES

Restricted Stock Units (**RSUs**), Options and other equity incentives are an important component of the compensation arrangements with the Company's executives and other employees.

The Company's 2023 Incentive Award Plan (**2023 Plan**) was adopted initially by the Board and approved by Stockholders, respectively, on March 28, 2023 and April 2, 2023. Under the 2023 Plan, Saluda may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which Saluda competes. In connection with the Company's IPO, the Board and stockholders approved an amendment and restatement of the 2023 Plan.

The 2023 Plan replaced the Employee Option Plan, with the Company ceasing to grant new awards under that plan in 2023. The rules of both plans were released to the ASX on December 3, 2025.

USE OF EXTERNAL REMUNERATION ADVISERS

From time to time the Compensation Committee may, at its discretion, appoint external advisors or instruct management to compile information as an input to decision making.

During the 2026 financial year, the Committee appointed Compensia to provide remuneration benchmarking services used in determining the remuneration framework for the Company. These services were provided to the Compensation Committee independent of management. The total amount paid to Compensia in the 2026 financial year was US\$36,971.

EXECUTIVE REMUNERATION AND EMPLOYMENT ARRANGEMENTS - CEO

Mr Michael Mathias was appointed as President and CEO on September 6, 2026 (U.S. time), after the end of the 2026 financial year. Prior to this, Mr Mathias served as Chief Commercial Officer of Saluda. During the 2026 financial year, Mr Mathias received a base annual salary of US\$450,000 and a bonus of US\$278,100 based on achievement of the following goals: revenue, gross margin, cash burn, and an innovation goal relating to approval of the new CAP24 paddle lead. A summary of Mr Mathias' remuneration and terms of employment as CEO is set out below.

Fixed annual remuneration	A base annual salary of US\$600,000 (subject to annual review).
Annual incentives	Mr Mathias is eligible to earn an annual incentive bonus at a target amount of 100% of his base salary actually paid for the year. The amount payable will be based on the achievement of performance goals determined by the Board.
Termination benefits	Mr Mathias' employment is on an "at-will" basis and may be terminated at any time, with or without cause or advance notice, at the option of either the Company or Mr Mathias. If Mr Mathias' employment is terminated by the Company without cause or in the event he voluntarily resigns for good reason in connection with a change in control transaction (each, as defined in his employment agreement), in each case, within the change in control period, he will be entitled to: • an amount in cash equal to 12 months of his annual base salary, payable in a lump sum; • his target annual bonus for the year prior to the year of termination to the extent unpaid; • 100% of his target annual bonus, payable in a lump sum; • a pro-rated target annual bonus for the year in which the termination occurs, payable in a lump sum; • payment of the COBRA premiums for himself and his respective eligible dependents for a maximum period of up to 12 months from the date of his termination of employment; and • full accelerated vesting of all unvested Company equity awards; provided, however, that any performance-based equity awards will remain subject to attainment of the relevant performance goals. The above reflects Mr Mathias' existing benefits (as CCO), agreed prior to listing on ASX and for which the Company has a waiver from Listing Rule 10.18, if Mr Mathias is involuntarily terminated shortly prior to or for a period following a change in control transaction. The Company intends to seek a further waiver from Listing Rule 10.18 to permit these benefits to be updated to match those of the prior CEO (being an amount in cash equal to 18 months' annual base salary, 150% of target annual bonus and 24 months of COBRA premiums). There is no guarantee such a waiver will be granted. If Mr Mathias' employment is terminated by the Company without cause or in the event he voluntarily resigns for good reason (each, as defined in his employment agreement), in each case, outside of a change in control period, he will be entitled to: • an amount in cash equal to 12 months of his annual base salary, payable in a lump sum; • his target annual bonus for the year prior to the year of termination to the extent unpaid; and • payment of the COBRA premiums for himself and his respective eligible dependents for a maximum period of up to 12 months from the date of his termination of employment. Additionally, Mr Mathias will also be entitled to 100% of his target annual bonus and a pro-rated target annual bonus for the year in which the termination occurs, payable in a lump sum. Good reason includes a material reduction in annual base salary or target annual bonus, a material reduction or material adverse change in authority, duties or responsibilities, material breach by the Company or a subsidiary, and relocation.
Other benefits	Mr Mathias is eligible for the same employee benefits which are offered to all Saluda senior-level executives, including medical insurance, dental, paid-time off and reimbursement of reasonable business expenses incurred in performing duties (e.g. travel expenses).
Restraint	Mr Mathias' employment agreement contains post-employment restraints, including restraints on: • soliciting, enticing or inducing any employee, contractor or consultant to terminate their employment or association with Saluda; and • soliciting or inducing any customer to move all or any business away from Saluda or otherwise reduce or terminate their business with Saluda. These restrictions purport to operate for one year post-employment. Additionally, Mr Mathias' employment agreement contains non-competition restrictions during Mr Mathias' employment that prohibit him from being employed by, associated or connected with, or providing services to a competitor in a role that jeopardizes Mr Mathias' obligations to Saluda's confidential information or owning, financing, controlling or holding a material interest in a competing business, subject to certain exclusions. The non-competition restrictions apply worldwide. The enforceability of these restraints is subject to all usual legal requirements.

Mr Mathias was paid a retention bonus in September 2026 on the same terms as Mr Erickson (as set out below), which was agreed when Mr Mathias was CCO.

EXECUTIVE REMUNERATION AND EMPLOYMENT ARRANGEMENTS - CFO

Mr Erickson is employed as the CFO of Saluda. Details of Mr Erickson's remuneration and terms of employment are set out below.

Fixed remuneration	During the 2026 financial year, Mr Erickson received a base annual salary of US\$450,000.
Annual incentives	Mr Erickson is eligible to earn an annual incentive bonus at a target amount of 55% of his base salary actually paid for the year to which such annual bonus relates. For the 2026 financial year, Mr Erickson received a bonus of US\$252,450 based on achievement of the following goals: revenue, gross margin, cash burn, and an innovation goal relating to approval of the new CAP24 paddle lead.
Equity grant	Pursuant to his employment agreement, Mr Erickson was granted 7,766 Options following commencement of employment with an exercise price of US\$84.46, under the 2023 Plan which vest over a period of four years from the grant date, with 25% vesting on the first anniversary of the grant date and the remainder vesting in 36 equal monthly installments, subject to Mr Erickson's continuous service with the Company as of each vesting date (Initial CFO Grant). Mr Erickson has also received a further 21,358 Options under the 2023 Plan with an exercise price of US\$84.46 per Share, with 3,883 Options having the same vesting as the Initial CFO Grant and the remaining 17,475 Options vesting in equal installments over 24 months, subject to Mr Erickson's continuous service with the Company. With respect to Mr Erickson's Option awards granted prior to the effective date of his amended and restated employment agreement, upon a change in control, Mr Erickson is entitled to accelerated vesting of the unvested portion of such Options. Following completion of the Company's IPO in November 2025, Mr Erickson received an additional award of 223,042 RSUs under the 2023 Plan. The RSUs vest as follows: one-third of the RSUs will vest on January 1, 2027, and the remaining RSUs will vest in eight substantially equal installments on each March 1, June 1, September 1 and December 1 thereafter, with the first such quarterly vesting date to occur on March 1, 2027. In addition, if Mr Erickson's employment is terminated by the Company without cause or in the event he voluntarily resigns for good reason (each, as defined in his employment agreement) prior to January 1, 2027, any of the RSUs scheduled to vest on January 1, 2027 will vest on an accelerated basis upon such termination.
Other benefits	Mr Erickson is eligible for the same employee benefits which are offered to all Saluda senior-level executives, including medical insurance, dental, paid-time off and reimbursement of reasonable business expenses incurred in performing duties (e.g. travel expenses).
Termination and termination benefits	Mr Erickson's employment is on an "at-will" basis and may be terminated at any time, with or without cause or advance notice, at the option of either the Company or Mr Erickson. If Mr Erickson's employment is terminated by the Company without cause or in the event he voluntarily resigns for good reason (each, as defined in his employment agreement), in each case, within the change in control period, he will be entitled to: • an amount in cash equal to 12 months of his annual base salary, payable in a lump sum • his target annual bonus for the year prior to the year of termination to the extent unpaid; • 100% of his target annual bonus, payable in a lump sum; • a pro-rated target annual bonus for the year in which the termination occurs, payable in a lump sum; • payment of the COBRA premiums for himself and his respective eligible dependents for a maximum period of up to 12 months from the date of his termination of employment; and • full accelerated vesting of all unvested company equity awards; provided, however, that any performance-based equity awards will remain subject to attainment of the relevant performance goals. If Mr Erickson's employment is terminated by the Company without cause or in the event he voluntarily resigns for good reason (each, as defined in his employment agreement), in each case, outside of a change in control period, he will be entitled to: • an amount in cash equal to 9 months of his annual base salary, payable in a lump sum; • his target annual bonus for the year prior to the year of termination to the extent unpaid; and • payment of the COBRA premiums for himself and his respective eligible dependents for a maximum period of up to 12 months from the date of his termination of employment. Mr Erickson will also be entitled to 75% of his target annual bonus and a pro-rated target annual bonus for the year in which the termination occurs, payable in a lump sum.
Restraints	Mr Erickson's employment agreement contains post-employment restraints, including restraints on: • soliciting, enticing or inducing any employee, contractor or consultant to terminate their employment or association with Saluda; and • soliciting or inducing any customer to move all or any business away from Saluda or otherwise reduce or terminate their business with Saluda. These restrictions purport to operate for one year post-employment. Additionally, Mr Erickson's employment agreement contains non-competition restrictions during Mr Erickson's employment that prohibit him from being employed by, associated or connected with, or providing services to a competitor in a role that jeopardizes Mr Erickson's obligations to Saluda's confidential information or owning, financing, controlling or holding a material interest in a competing business, subject to certain exclusions. The non-competition restrictions apply worldwide. The enforceability of these restraints is subject to all usual legal requirements.
Retention bonus	In March 2025, the Company entered into a retention bonus letter with Mr Erickson pursuant to which Mr Erickson was paid a retention bonus in the amount of US\$500,000 in September 2026.

EXECUTIVE REMUNERATION – FORMER CEO

During the 2026 financial year, Mr Regan received a base annual salary of US\$600,000. Mr Regan also received a bonus of US\$588,419 based on achievement of the following goals: revenue, gross margin, cash burn, and an innovation goal relating to approval of the new CAP24 paddle lead.

NON-EXECUTIVE DIRECTORS

The Saluda Board seeks to set Non-executive Directors' fees at a level that provides the Company with the ability to attract and retain Non-executive Directors of high calibre with relevant professional expertise and reflects the demands that are made on, and the responsibilities of, the Non-executive Directors, while incurring a cost that is acceptable to stockholders of the Company.

Under Saluda's Bylaws, the Board may decide the total amount paid to all Directors as remuneration for their services as a Director of Saluda. However, under the Listing Rules, the total amount paid to all Directors (excluding the salary of any executive Director and equity compensation issued with approval under the Listing Rules) for their services must not exceed in aggregate in any financial year the amount fixed by Saluda in a general meeting. This amount has been fixed at US\$1,250,000 per financial year. Any increase to the aggregate amount will be approved by stockholders of the Company.

In connection with the Company's IPO, the Board and stockholders approved a Non-executive Director compensation program that provides for annual retainer fees and equity awards for the Non-executive Directors. Each Non-executive Director will receive an annual retainer of US\$50,000, with the Non-executive Director serving as chair of the Board or lead independent director receiving an annual retainer of US\$95,000 (in lieu of the base Board retainer). The Non-executive Directors serving as the Chairs of the Audit and Risk, Compensation and Nominating and Governance Committees will receive additional annual retainers of US\$20,000, US\$15,000 and US\$10,000, respectively. Non-executive Directors serving as members of the Audit and Risk, Compensation and Nominating and Governance Committees will receive additional annual retainers of US\$10,000, US\$7,500 and US\$5,000, respectively.

The directors' fees paid by Saluda to its Non-executive Directors for the 2026 financial year are as set out below.

Non-executive director	Cash fee US\$	Equity award
Douglas Godshall	\$33,871	153,134 RSUs
Geoffrey Brooke	\$28,663	89,883 RSUs
Robert Faulkner	\$21,774	89,883 RSUs
Catherine Livingstone	\$52,404	109,857 RSUs
Robert Palmisano	\$18,548	89,883 RSUs
Quentin Blackford	\$24,194	99,870 RSUs
Christopher Beare (resigned November 5, 2025)	\$19,005	-

All Non-executive Directors are reimbursed for their reasonable out-of-pocket expenses in connection with attending Board and committee meetings.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES, AND INSURANCE

As permitted under Delaware law, Saluda indemnifies certain officers and Directors and is permitted to indemnify employees for certain events or occurrences that happen by reason of their relationship with, or position held at, Saluda. The Company's Certificate of Incorporation and Bylaws provide for the indemnification of its Directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law.

Saluda has entered into indemnification agreements with its Directors and certain officers to this effect, including advancement of expenses incurred in legal proceedings to which the Director or officer was, or is threatened to be made, a party by reason of the fact that such Director or officer is or was a Director, officer, employee or agent of Saluda, provided that such Director or officer acted in good faith and in a manner that the Director or officer reasonably believed to be in, or not opposed to, the Company's best interests. At present, there is no pending litigation or proceeding involving a Director or officer for which indemnification is sought, nor is the Company aware of any threatened litigation that may result in claims for indemnification.

Saluda maintains insurance policies that indemnify the Company's Directors and officers against various liabilities that might be incurred by any Director or officer in his or her capacity as such.

SHARE OPTIONS AND RSUS

During the 2026 financial year, 1,633,133 Options were granted. No options were exercised during 2026 financial year.

As at June 30, 2026, the Company had 1,777,077 Options outstanding, which on exercise convert into 1,777,077 Shares (equivalent to 17,770,770 CDIs). Holders of Options have no rights to participate in any issue of Shares prior to the exercise of the relevant Option.

The exercise price and expiry date of all Options on issue as at June 30, 2026 are as follows:

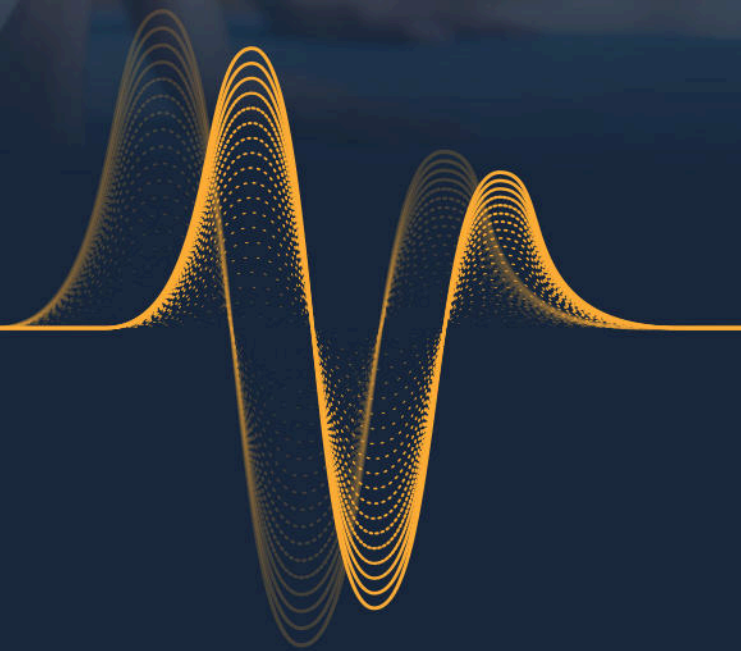
Expiry Date	Exercise price per Option Share (US\$)	Securities to be issued on exercise of Options	
		Number of Shares	Equivalent in CDIs
November 29, 2026	\$241.54	194	1,940
November 29, 2026	\$84.46	1,067	10,670
June 15, 2027	\$245.66	242	2,420
June 15, 2027	\$84.46	97	970
August 16, 2027	\$254.41	7,039	70,390
August 16, 2027	\$84.46	2,132	21,320
September 4, 2027	\$84.46	97	970
November 29, 2027	\$84.46	97	970
February 7, 2028	\$84.46	38	380
May 20, 2028	\$243.08	970	9,700
May 20, 2028	\$84.46	795	7,950
September 4, 2028	\$346.60	540	5,400
September 4, 2028	\$84.46	2,239	22,390
September 5, 2028	\$346.60	38	380
October 22, 2029	\$564.96	1,280	12,800
October 22, 2029	\$346.60	38	380
October 22, 2029	\$84.46	4,335	43,350
February 11, 2030	\$553.63	5,905	59,050
February 11, 2030	\$84.46	194	1,940
March 31, 2030	\$84.46	21,022	210,220
June 2, 2030	\$84.46	795	7,950
June 3, 2030	\$84.46	330	3,300
August 13, 2030	\$589.16	40	400
August 13, 2030	\$84.46	666	6,660
August 14, 2030	\$84.46	2,931	29,310
October 19, 2030	\$357.41	1,589	15,890
October 19, 2030	\$84.46	565	5,650
December 14, 2030	\$84.46	856	8,560
June 17, 2031	\$396.55	303	3,030
June 17, 2031	\$84.46	12,435	124,350
August 12, 2031	\$385.22	97	970
August 12, 2031	\$84.46	678	6,780
December 13, 2031	\$201.37	288	2,880
December 13, 2031	\$84.46	3,307	33,070
February 10, 2032	\$84.46	116	1,160
April 4, 2032	\$84.46	1,377	13,770
June 27, 2032	\$201.37	11	110
June 27, 2032	\$84.46	900	9,000
October 20, 2032	\$225.06	623	6,230
October 20, 2032	\$84.46	11,716	117,160
November 20, 2032	\$84.46	2,620	26,200
December 12, 2032	\$84.46	900	9,000
April 4, 2033	\$84.46	12	120
April 24, 2033	\$115.36	61	610
April 24, 2033	\$84.46	7,516	75,160
April 25, 2033	\$84.46	995	9,950
May 12, 2033	\$84.46	21,674	216,740
July 20, 2033	\$84.46	872	8,720
September 25, 2033	\$84.46	716	7,160

Expiry Date	Exercise price per Option Share (US\$)	Securities to be issued on exercise of Options	
		Number of Shares	Equivalent in CDIs
November 27, 2033	\$84.46	8,432	84,320
December 10, 2033	\$84.46	3,883	38,830
January 31, 2034	\$84.46	1,484	14,840
April 28, 2034	\$84.46	648	6,480
June 19, 2034	\$84.46	22,144	221,440
August 4, 2034	\$84.46	1,397	13,970
August 16, 2034	\$84.46	3,028	30,280
August 18, 2034	\$84.46	194	1,940
November 4, 2034	\$84.46	6,993	69,930
March 17, 2035	\$84.46	137,047	1,370,470
March 18, 2035	\$84.46	53,701	537,010
March 20, 2035	\$84.46	4,119	41,190
March 26, 2035	\$84.46	1,203	12,030
April 27, 2035	\$52.53	193	1,930
April 30, 2035	\$52.53	48	480
May 4, 2035	\$52.53	290	2,900
May 11, 2035	\$52.53	531	5,310
May 18, 2035	\$52.53	325	3,250
May 19, 2035	\$52.53	48	480
May 26, 2035	\$52.53	96	960
May 31, 2035	\$52.53	338	3,380
June 1, 2035	\$52.53	339	3,390
July 13, 2035	\$52.53	628	6,280
July 27, 2035	\$52.53	145	1,450
August 3, 2035	\$52.53	97	970
August 10, 2035	\$52.53	427	4,270
August 17, 2035	\$52.53	773	7,730
August 24, 2035	\$52.53	97	970
September 1, 2035	\$52.53	2,328	23,280
September 5, 2035	\$52.53	90,166	901,660
September 7, 2035	\$52.53	475	4,750
November 29, 2035	\$17.32	1,077,489	10,774,890
December 9, 2035	\$10.19	36,608	366,080
February 23, 2036	\$7.01	118,389	1,183,890
May 11, 2036	\$3.61	79,626	796,260

See pages 70 for details of the Company's RSUs.



Financial Report





SALUDA MEDICAL, INC. AND SUBSIDIARIES

Consolidated Financial Statements

For the years ended June 30, 2025 and 2026

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Consolidated Balance Sheets

(Dollars in thousands, except share and per share data)

	June 30, 2025	June 30, 2026
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 54,500	\$ 116,377
Restricted cash	—	2,238
Accounts receivable, net of allowance for credit losses of \$0.6 million as of June 30, 2025 and \$0.9 million as of June 30, 2026	12,639	20,495
Current inventories	43,333	32,473
Prepaid expenses and other current assets	6,844	7,752
Total current assets	117,316	179,335
Non-current inventories	2,316	1,428
Property and equipment, net	4,859	3,823
Operating lease right-of-use asset	3,467	3,019
Other non-current assets	707	779
TOTAL ASSETS	\$ 128,665	\$ 188,384
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 25,904	\$ 31,813
Convertible Notes, at fair value	129,836	—
Current operating lease liabilities	1,122	1,218
Total current liabilities	156,862	33,031
Term loan, net	71,392	96,342
Non-current operating lease liabilities	2,766	2,189
Warrant liabilities	1,300	—
Other non-current liabilities	1,888	2,268
TOTAL LIABILITIES	\$ 234,208	\$ 133,830
Commitments and contingencies (Note 15)		
Redeemable convertible preferred stock, \$0.0001 par value; 1,396,001 and zero shares authorized as of June 30, 2025 and 2026, respectively; 816,431 and zero shares issued and outstanding as of June 30, 2025 and 2026, respectively; aggregate liquidation preference of \$407.0 million and zero as of June 30, 2025 and 2026, respectively	385,656	—
STOCKHOLDERS' (DEFICIT) EQUITY:		
Preferred stock, \$0.0001 par value; zero and 10,000,000 shares authorized as of June 30, 2025 and 2026, respectively; zero shares issued and outstanding as of June 30, 2025 and 2026	—	—
Common stock, \$0.0001 par value; 1,825,242 and 300,000,000 shares authorized as of June 30, 2025 and 2026, respectively; 325,364 and 25,202,381 shares issued and outstanding as of June 30, 2025 and 2026, respectively	—	2
Additional paid-in capital	86,544	781,130
Accumulated other comprehensive loss	(3,348)	(2,614)
Accumulated deficit	(574,395)	(723,964)
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY	(491,199)	54,554
TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' (DEFICIT) EQUITY	\$ 128,665	\$ 188,384

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations and Comprehensive Loss

(Dollars in thousands, except share and per share data)

	Year Ended June 30, 2025	Year Ended June 30, 2026
Revenue	\$ 70,356	\$ 90,175
Cost of revenue	37,600	46,092
Gross profit	32,756	44,083
Operating expenses:		
Sales and marketing	78,164	106,495
General and administrative	37,188	47,815
Research and development	35,455	34,244
Other operating expenses	—	4,523
Total operating expenses	150,807	193,077
Loss from operations	(118,051)	(148,994)
Other income (expenses):		
Interest income	2,012	2,675
Interest expense	(6,627)	(9,421)
Foreign exchange gain (loss)	1,654	(202)
Loss on issuance of Convertible Notes	(20,612)	—
Change in fair value of financial instruments	(7,149)	7,076
Loss before income taxes	(148,773)	(148,866)
Provision for income taxes	529	703
Net loss	\$ (149,302)	\$ (149,569)
Other comprehensive income (loss):		
Changes in foreign currency translation adjustment	323	734
Comprehensive loss	\$ (148,979)	\$ (148,835)
Net loss per share attributable to common stockholders, basic and diluted	\$ (459.19)	\$ (14.78)
Weighted-average number of common shares outstanding, basic and diluted	325,145	16,215,873

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' (Deficit) Equity

(Dollars in thousands, except share data)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount				
Balances as of June 30, 2024	816,431	\$ 386,398	324,819	\$ —	\$ 72,421	\$ (3,671)	\$ (425,093)	\$ (356,343)
Exercise of stock options	—	—	545	—	94	—	—	94
Preferred Stock Exchange associated with issuance of Convertible Notes	—	(742)	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	14,029	—	—	14,029
Foreign currency translation adjustment	—	—	—	—	—	323	—	323
Net loss	—	—	—	—	—	—	(149,302)	(149,302)
Balances as of June 30, 2025	816,431	\$ 385,656	325,364	\$ —	\$ 86,544	\$ (3,348)	\$ (574,395)	\$ (491,199)
Issuance of common stock in common stock financing, net of offering costs of \$0.6 million	—	—	882,764	—	14,415	—	—	14,415
Issuance of common stock in initial public offering, net of offering costs of \$9.9 million	—	—	8,708,273	1	142,373	—	—	142,374
Conversion of redeemable convertible preferred stock	(816,431)	(385,656)	13,293,708	1	563,115	—	—	563,116
Conversion of Convertible Notes	—	—	1,992,272	—	33,853	—	—	33,853
Reclassification of warrants to equity	—	—	—	—	2,800	—	—	2,800
Deemed dividend related to induced conversion	—	—	—	—	(90,044)	—	—	(90,044)
Issuance of common stock warrants	—	—	—	—	179	—	—	179
Stock-based compensation	—	—	—	—	27,895	—	—	27,895
Foreign currency translation adjustment	—	—	—	—	—	734	—	734
Net loss	—	—	—	—	—	—	(149,569)	(149,569)
Balances as of June 30, 2026	—	\$ —	25,202,381	\$ 2	\$ 781,130	\$ (2,614)	\$ (723,964)	\$ 54,554

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended June 30, 2025	Year Ended June 30, 2026
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (149,302)	\$ (149,569)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,648	1,807
Amortization of right-of-use asset	958	1,106
Other non-cash items	25	142
Unrealized (gain) loss on foreign exchange rates	(439)	450
Inventory write-down	1,573	1,926
Stock-based compensation	14,029	27,895
Issuance costs on Convertible Notes expensed under the fair value option	287	—
Non-cash interest expense	162	590
Loss (gain) on remeasurement of financial instruments	7,149	(7,076)
Provision for credit losses	165	369
Loss on issuance of Convertible Notes	20,612	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,683)	(8,378)
Inventories	(17,576)	10,322
Prepaid expenses and other current and non-current assets	(523)	(1,152)
Income taxes payable	347	225
Lease liabilities	(553)	(482)
Deferred revenue	554	(624)
Accounts payable, accrued liabilities, and accrued payroll	4,329	6,466
Net cash used in operating activities	(118,238)	(115,983)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,272)	(741)
Net cash used in investing activities	(1,272)	(741)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of issuance costs for redeemable convertible preferred stock	(206)	—
Repayment of Covidien Term Loan	(71,453)	—
Proceeds from Perceptive Term Loan and Series E-1 Warrant, net of issuance costs to lender	73,680	—
Payment of issuance costs to third-parties on term loan	(1,949)	—
Proceeds from Convertible Notes, net of issuance costs	99,153	—
Proceeds from the initial public offering, net of underwriting discounts and commissions	—	152,306
Payment of deferred offering costs related to the initial public offering	(1,381)	(9,932)
Proceeds from issuance of common stock to employees on exercise of options	94	—
Proceeds from common stock issuance in common stock financing	—	15,000
Payment of deferred offering costs related to common stock financing	—	(585)
Proceeds from Tranche 2 of Perceptive Term Loan, net of issuance costs to lender	—	24,563
Net cash provided by financing activities	97,938	181,352
Effect of exchange rate changes on cash, cash equivalents and restricted cash	4,278	(513)
Net change in cash, cash equivalents and restricted cash	(17,294)	64,115
Cash, cash equivalents and restricted cash at beginning of period	71,794	54,500
Cash, cash equivalents and restricted cash at end of period	\$ 54,500	\$ 118,615

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows (continued)

(Dollars in thousands)

	Year Ended June 30, 2025	Year Ended June 30, 2026
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for income taxes	\$ 103	\$ 499
Cash paid for interest	\$ 26,453	\$ 8,831
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use assets obtained in exchange for lease liabilities	\$ 817	\$ 497
Deferred initial public offering costs in accounts payable and accrued liabilities	\$ 1,594	\$ —
Conversion of redeemable convertible preferred stock	\$ —	\$ 563,116
Conversion of Convertible Notes	\$ —	\$ 33,853
Reclassification of warrants to equity	\$ —	\$ 2,800
Fair value of warrant issued to lender in connection with Tranche 2 term loan	\$ —	\$ 179
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH INFORMATION		
Cash and cash equivalents, beginning of year	\$ 71,794	\$ 54,500
Restricted cash, beginning of year	—	—
Cash, cash equivalents, and restricted cash, beginning of year	71,794	54,500
Cash and cash equivalents, end of year	54,500	116,377
Restricted cash, end of year	—	2,238
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 54,500</u>	<u>\$ 118,615</u>

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

NOTE 1. DESCRIPTION OF THE BUSINESS

BUSINESS

Saluda Medical, Inc. (the “Company” or “Saluda US”) and its subsidiaries, including Saluda Medical Pty Limited (“Saluda AU”), is a commercial-stage medical device company focused on developing treatments for chronic neurological conditions using the Company’s novel neuromodulation platform. The Company’s closed-loop, dose-control platform is designed to sense and measure neural responses to stimulation and automatically adjust therapy based on real-time neurophysiological feedback. Saluda has developed this core competency through over 15 years of scientific and clinical research. Saluda is initially focused on leveraging its platform to disrupt and grow the spinal cord stimulation (“SCS”) market for chronic pain but believes the unique capabilities of its platform could have wide application across several therapeutic areas in neuromodulation. The Company’s product, the Evoke System, is designed to treat chronic neuropathic pain by providing SCS therapy that senses and measures neural activation to optimize therapy and reduce patient and clinician burden.

The Company launched the Evoke System in select European countries in late 2019, in Australia in 2021, and in the United States in late 2022.

REDOMICILIATION

On April 2, 2023, the Company, a newly formed Delaware corporation, acquired all of the issued share capital of Saluda Medical Pty Limited (“Saluda AU”), an Australian incorporated company, through a share exchange (collectively the “Redomiciliation”). Under the Redomiciliation, all of the issued and outstanding ordinary shares of Saluda AU were exchanged for newly issued shares of common stock of the Company and all of the issued and outstanding preference shares of Saluda AU were exchanged for newly issued shares of redeemable convertible preferred stock of the Company. Additionally, all outstanding and unexercised common stock options held in Saluda AU continued to remain in effect under the same terms and conditions with the exception that the shares issued upon exercise of any outstanding Saluda AU stock options will be common stock of the Company rather than ordinary shares of Saluda AU. Lastly, all warrants were amended so that the shares issuable upon exercise of the warrants will be redeemable convertible preferred stock in the Company rather than preference shares in Saluda AU.

REVERSE STOCK SPLIT

On November 24, 2025, the Company effectuated a 1-for-51.5 reverse stock split of the Company’s issued and outstanding shares of common stock, as well as stock option awards to purchase shares of common stock and warrants to purchase shares of common stock. Consequently, all issued and outstanding shares of stock, stock option awards, warrants, and per share data have been retroactively adjusted in these financial statements to reflect the reverse stock split for all periods presented. The par value of the common stock and convertible preferred stock remain unchanged. As the number and issuance price of all outstanding convertible preferred stock were adjusted, the conversion ratios for each series of the Company’s convertible preferred stock were unchanged.

COMMON STOCK FINANCING

On October 30, 2025, the Company entered into a Common Stock Purchase Agreement (the “Agreement”) with certain investors and completed an initial closing (the “Initial Closing”) of a common stock financing transaction. Pursuant to the Agreement, the Company issued and sold an aggregate of 882,764 shares of common stock at a purchase price of \$16.99 per share. The Company received gross proceeds of approximately \$15.0 million from the sale of these shares at the Initial Closing. The Agreement provided for potential additional closings through November 5, 2025, whereby the Company may have sold up to an additional 1,177,034 shares of common stock to existing stockholders who did not participate in the Initial Closing. However, no additional closings occurred.

In connection with the common stock financing transaction, prior to the Initial Closing on October 30, 2025, all outstanding shares of the Company’s redeemable convertible preferred stock and the Convertible Notes were converted into shares of common stock. The Company’s Series A, B, and C redeemable convertible preferred stock converted into common stock pursuant to the existing terms of each respective series of redeemable convertible preferred stock. The Company’s Series D, D-1, E, and E-1 redeemable convertible preferred stock and Convertible Notes converted into common stock under amended terms agreed upon in connection with the Agreement. The conversion of the Convertible Notes and conversion of the Series D, D-1, E, and E-1 redeemable convertible preferred stock (“Induced Instruments”) collectively qualified as an induced conversion due to the limited offer period and nature of the amended conversion terms of the Induced Instruments offered. As such, the Company recognized a deemed dividend of \$90.0 million related to the collective induced conversion of the Induced Instruments, which was equal to the fair value of all common stock issued in exchange for the conversion of the Induced Instruments in excess of the fair value of common stock issuable pursuant to the respective original conversion terms of the Induced Instruments. As the Company was in an accumulated deficit position, the deemed dividend related to the induced conversion was recorded directly to additional paid-in capital rather than retained earnings. As a result of the conversions into common stock, as of June 30, 2026, there were no shares of redeemable convertible preferred stock outstanding and the Convertible Notes were no longer outstanding.

As a result of the conversion of the Company's redeemable convertible preferred stock, all warrants became exercisable into common stock and were reclassified to equity in accordance with Accounting Standards Codification ("ASC") 815 and are no longer remeasured through earnings on a recurring basis (see Note 4).

INITIAL PUBLIC OFFERING

On November 30, 2025, the Company completed its initial public offering on the Australian Securities Exchange issuing 8,708,273 shares of common stock (the "IPO") in exchange for net proceeds of \$230.8 million AUD or \$152.3 million USD, after deducting underwriting discounts and commissions and before additional offering costs of \$9.9 million USD. The Company's IPO related shares do not directly trade on the Australian Securities Exchange because it is a United States domiciled company, rather the Company's IPO **included** the issuance of CHESS Depositary Interests ("CDIs") representing the beneficial interest in the underlying shares at a ratio of 10 CDIs for each share of common stock.

LIQUIDITY

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has experienced ongoing net losses and cash outflows from operating activities. During the year ended June 30, 2026, the Company had a net loss of \$149.6 million and had \$116.0 million of cash used in operations. As of June 30, 2026, the Company had an accumulated deficit of \$724.0 million.

On November 30, 2025, the Company completed its IPO and received net proceeds of \$230.8 million AUD or \$152.3 million USD. As of June 30, 2026, the Company had \$116.4 million of cash and cash equivalents and \$2.2 million of restricted cash on hand.

The Company expects to continue to generate operating losses for the foreseeable future as it continues to expand commercial operations and develop its product portfolio.

Management has prepared forecasts of future operating results and cash flows to evaluate the Company's ability to meet its obligations as they become due for the twelve-month period following the issuance of these financial statements. Such forecasts are based on assumptions regarding future revenue growth, gross margin expansion, operating expenditures, working capital requirements and other factors that are inherently subject to uncertainty and judgment.

Based on management's current forecast and existing cash resources, the Company's projected liquidity is expected to be sufficient for substantially all of the assessment period; however, the forecast indicates that additional capital may be required to fund operations towards the end of the twelve-month assessment period. The Company's existing undrawn debt facility is subject to certain specified conditions that are not met as of the issuance date of these financial statements and, therefore, are not considered available for purposes of management's assessment of existing cash resources.

Management regularly evaluates potential strategies to obtain additional funding to support future operations. Financing strategies may include, but are not limited to, the sale of equity, debt financing, including potential access to any existing undrawn facility subject to specified conditions not met as of the issuance date, or funds from other capital sources, such as collaborations, strategic alliances, or licensing arrangements with third parties.

The Company has historically demonstrated access to capital through equity and debt financings, including the completion of its initial public offering in November 2025. While no assurance can be provided that additional financing will be available when required or on acceptable terms, management believes multiple potential sources of capital may be available to support the Company's future operating requirements.

Because the Company's ability to meet its obligations throughout the assessment period is dependent on forecast assumptions and potential financing activities that have not yet been secured as of the date of these financial statements, management has concluded that these events and conditions raise substantial doubt about the Company's ability to continue as a going concern in accordance with ASC 205-40.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The Company prepares its consolidated financial statements and related disclosures in conformity with generally accepted accounting principles in the United States ("U.S. GAAP"). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company's fiscal year end is June 30.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities reported in the consolidated financial statements and accompanying notes. Significant accounting estimates and management judgments reflected in the consolidated financial statements include, but are not limited to, revenue recognition and the allocation of the transaction price, stock-based compensation and the valuation of the stock-based awards, valuation of warrants, valuation of Convertible Notes, inventory valuation, measurement of right-of-use assets and operating lease liabilities, and income taxes. Actual results could differ from those estimates, and such differences could be material to the Company's consolidated financial statements.

RECLASSIFICATION

The Company has made certain reclassifications in the prior period consolidated financial statements to conform to the current year presentation.

FOREIGN CURRENCY TRANSLATION

The financial statements of the Company's subsidiaries that have a functional currency other than the U.S. dollar are translated to U.S. dollars at the exchange rate in effect at the balance sheet dates, and revenues and expenses are translated at the average exchange rates during the year. Translation adjustments are recorded as foreign currency translation adjustment within accumulated other comprehensive loss, which is a separate component of stockholders' equity, and the effect of exchange rate changes on cash, cash equivalents, and restricted cash are reflected on the consolidated statements of cash flows. Gains and losses for transactions denominated in a currency other than the functional currency of the entity are included in the consolidated statements of operations and comprehensive loss. The Company expects the foreign exchange gain (loss) to continue to fluctuate as long as the Company continues to hold monetary assets and liabilities at its subsidiaries. Market uncertainty could potentially lead to significant volatility with foreign currency exchange rates, which could result in additional foreign exchange gain (loss).

DEFERRED OFFERING COSTS

The Company capitalizes certain legal, professional, accounting, and other third-party fees that are directly associated with in-process equity financings as deferred offering costs until such financings are consummated. After consummation of the equity financing, these costs are recorded in stockholders' equity (deficit) as a reduction of proceeds generated as a result of the offering. Should the in-process equity financing be abandoned, the deferred offering costs will be expensed immediately as a charge to operating expenses in the consolidated statements of operations and comprehensive loss.

During the year ended June 30, 2026, the Company abandoned a planned alternative financing. In connection with this abandonment, deferred offering costs related to the alternative financing totaling \$2.8 million were written off and recorded in other operating expenses in the consolidated statements of operations and comprehensive loss. As a result, no deferred offering costs related to the alternative financing remained on the Company's consolidated balance sheets as of June 30, 2026.

The Company closed its IPO on the Australian Securities Exchange on November 30, 2025. As a result, the deferred offering costs related to the Company's Australia public listing were offset against the proceeds of the IPO (see Note 1) and no deferred offering costs related to the Company's Australia public listing remained on the Company's consolidated balance sheets as of June 30, 2026.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities).

Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2—Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3—Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. The Company's assessment of the significance of a specific input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

The carrying amounts of cash, cash equivalents, including money market funds and term deposits, restricted cash, prepaid expenses and other current assets, and accounts payable and accrued liabilities approximate their fair value due to their short maturities.

The Company has determined that the carrying value of money market funds approximates their fair value due to their highly liquid nature and active trading, qualifying them as a Level 1 input (see Note 4). The Company uses Level 3 inputs (see Note 4) to derive the estimated fair value of its warrants and Convertible Notes. The warrant liabilities were measured on a recurring basis until their reclassification to equity as part of the common stock financing transaction (see Notes 1 and 4). Similarly, the Convertible Notes were measured on a recurring basis until their conversion into common stock as part of the same transaction (see Notes 1 and 4). As of June 30, 2025 and 2026, the Company had no other assets or liabilities measured using Level 3 inputs on a recurring or nonrecurring basis, and there were no transfers between levels during the years ended June 30, 2025 and 2026.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, money market funds, term deposits, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

RESTRICTED CASH

Restricted cash represents cash deposits restricted from general use and held as collateral primarily in connection with the Company's corporate credit card and payroll arrangements.

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are valued at standard cost, which is evaluated at each reporting date to reflect current conditions so that standard costs approximate actual cost computed on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable expenses.

The Company periodically evaluates the carrying value of inventory on hand for potential excess amount over demand using the same lower of cost or net realizable value approach. Additionally, the Company distinguishes between current and non-current inventory based on the anticipated time frame until sale. Materials procured significantly in advance, resulting in inventory on hand for periods exceeding 12 months, are managed as part of a strategic approach to ensure availability and cost-effectiveness. Such non-current inventory is not indicative of obsolescence but reflects the Company's procurement strategy to secure essential materials. The Company also periodically evaluates inventory quantities in consideration of actual loss experience. The Company's policy is to write down inventory that has become obsolete, inventory that has a cost basis in excess of its expected net realizable value, and inventory in excess of expected requirements. The estimate of excess quantities is judgmental and primarily dependent on the Company's estimates of future demand for a particular product. If the estimate of future demand is inaccurate based on actual sales, the Company may increase the write-down for excess inventory for that component and record a charge to the cost of goods sold in the accompanying consolidated statements of operations and comprehensive loss.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Accounts receivable are recorded at invoiced amounts, net of an allowance for credit losses. The Company assesses the allowance for credit losses on accounts receivable in accordance with ASC 326, which requires an expected loss model. The allowance for credit losses is estimated based on a range of factors, including historical credit loss experience, customer financial condition, current economic conditions, and reasonable and supportable forecasts of future economic conditions.

Account balances are written off against the allowance for credit losses when management determines that the receivable will not be collected. Recoveries of receivables previously written off are recorded when received. As of June 30, 2024, 2025 and 2026, the gross accounts receivable was \$11.7 million, \$13.2 million and \$21.4 million respectively. As of June 30, 2024, 2025, and 2026, the allowance for credit losses was \$0.6 million, \$0.6 million, and \$0.9 million, respectively.

During the years ended June 30, 2025 and 2026, the Company recognized \$0.2 million and \$0.4 million, respectively, in provision for credit losses, which was recorded in general and administrative expenses in the consolidated statements of operations and comprehensive loss.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to significant concentrations of credit risk primarily consist of cash and cash equivalents, and accounts receivables. The Company's cash and cash equivalents held with large financial institutions in the United States and deposits exceed the Federal Deposit Insurance Corporation's insurance limit. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. The Company has not experienced any losses, but the Company cannot be assured that it will not experience losses on these deposits.

As of June 30, 2025 and 2026, the Company did not have any individual customers with an accounts receivable balance exceeding 10% of the total accounts receivable.

During the years ended June 30, 2025 and 2026, the Company did not derive more than 10% of its total revenue from any individual customer.

CONCENTRATION OF SUPPLIER RISK

The Company is dependent on third-party contract manufacturers and suppliers, some of which are single source, to produce and package all elements comprising the Evoke System. If these suppliers and manufacturers fail to supply the Evoke System or its components or subcomponents in sufficient quantities, at acceptable prices, or at all, it could have a material adverse effect on the financial condition and results of operations of the Company.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Depreciation is included in cost of revenue and operating expenses on the accompanying consolidated statements of operations and comprehensive loss. Depreciation is calculated using the straight-line method over the estimated economic useful life of the respective asset, which is determined on an asset-by-asset basis according to the classifications below:

	Useful Life
Office Equipment	3 – 12 Years
Leasehold Improvements	Shorter of 3 – 9 Years or remaining lease term
Manufacturing Equipment	3 – 8 Years
Laboratory Equipment	2 – 12 Years

Property and equipment are derecognized upon disposal or when there is no future economic benefit to the Company. Gains and losses between the net carrying amount and the disposal proceeds are reflected in operating expenses in the consolidated statements of operations and comprehensive loss.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets consist primarily of property and equipment and operating lease right-of-use assets. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require that a long-lived asset be tested for possible impairment, recoverability is measured by comparing the carrying amount to the future net undiscounted cash flows expected to be generated by the long-lived asset (or group of assets). If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. The Company has not recognized any material impairment charges during the years ended June 30, 2025 or 2026.

LEASES

The Company determines if an arrangement is a lease at inception and determines the classification of the lease, as either operating or finance, at commencement. Material leases with a term greater than one year are recognized in right-of-use ("ROU") assets and current and non-current lease liabilities, as applicable, in the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company estimates the incremental borrowing rate to reflect the profile of secured borrowing over the expected term of the leases based on the information available at the lease commencement date.

The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected the practical expedient to not separate lease and non-lease components. The Company's non-lease components are primarily related to common area maintenance and real estate taxes, which varies based on future outcomes, and thus is recognized in general and administrative expenses when incurred. The Company's lease agreements do not contain any material restrictions, covenants, or any material residual value guarantees.

TERM LOAN DEBT

The Company's term loans are carried at the principal amount borrowed less debt issuance costs. The costs incurred by the Company for issuing the term loans are capitalized and amortized as an increase to interest expense over the life of the term loans using the effective interest method.

CONVERTIBLE NOTES

On January 3, 2025, the Company entered into convertible note purchase agreements with various existing investors and one non-existing investor (the "Convertible Notes"). As permitted under ASC 825, the Company elected the fair value option for recognition of the Convertible Notes. In accordance with ASC 825, the Company recorded the Convertible Notes at fair value and remeasured the Convertible Notes at fair value each reporting period with changes in fair value recorded in the consolidated statements of operations and comprehensive loss. The estimated fair value adjustment was recognized as a component of other comprehensive loss with respect to the portion of the fair value adjustment attributed to a change in the instrument-specific credit risk, with the remaining amount of the fair value adjustment recognized within change in fair value of financial instruments in the consolidated statements of operations and comprehensive loss. As a result of applying the fair value option, direct costs and fees related to the Convertible Notes were recognized in earnings as incurred and not deferred. Accrued interest is included as part of the changes in fair value recognized in earnings.

On October 30, 2025, in connection with the common stock financing transaction, the Convertible Notes were converted into shares of common stock and are no longer outstanding (see Notes 1 and 4).

INCOME TAXES

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the temporary differences between the financial statement and tax basis of assets and liabilities using the enacted tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in income tax rates is recognized in the consolidated statements of operations and comprehensive loss in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts the Company believes are more likely than not to be realized.

The Company operates in various tax jurisdictions and is subject to examination by the respective tax authorities. To date, income taxes paid have been predominantly in foreign and state jurisdictions in which the Company conducts business. The Company recognizes liabilities for uncertain tax positions in accordance with the income tax guidance. Under this guidance, a tax position is first evaluated to determine whether it is more likely than not, based on its technical merits, to be sustained upon examination by the relevant tax authority. For those tax positions that meet the more-likely-than-not recognition threshold, the Company measures the tax benefit as the largest amount of benefit that is more than 50% likely to be realized upon ultimate settlement. The Company's policy is to recognize interest and penalties related to income taxes as a component of income tax expense in the consolidated statements of operations and comprehensive loss. No material interest or penalties related to income taxes have been recognized in the consolidated statements of operations and comprehensive loss for the years ended June 30, 2025 and 2026.

WARRANT LIABILITIES

The Company has issued warrants to purchase redeemable convertible preferred stock in conjunction with certain equity and debt financings. The Company accounts for certain of its issued warrants as liabilities in accordance with ASC 480. The liability-classified warrants are initially measured at fair value, resulting in an implied discount on the related financing arrangement (recognized as a partial offset to the principal balance of the financing). Changes in fair value of the warrant liabilities are recognized within change in fair value of financial instruments in the consolidated statements of operations and comprehensive loss.

On October 30, 2025, in connection with the common stock financing transaction and the conversion of the redeemable convertible preferred stock, all warrants became exercisable into common stock and were reclassified to equity in accordance with ASC 815 (see Note 4). As such, the equity-classified warrants are no longer remeasured on a recurring basis.

REDEEMABLE CONVERTIBLE PREFERRED STOCK

On October 30, 2025, in connection with the common stock financing transaction, all outstanding shares of the Company's redeemable convertible preferred stock were converted into shares of common stock. Refer to Note 1 for further details.

Prior to conversion, the Company recorded its redeemable convertible preferred stock at fair value on the dates of issuance, net of issuance costs. The redeemable convertible preferred stock was presented as mezzanine equity in the consolidated balance sheets due to the stock containing certain redemption features that were not solely within the Company's control. When it was probable that a redeemable convertible preferred stock would become redeemable, adjustments were recorded to adjust the carrying values to the redemption values. No adjustments were recorded in the years ended June 30, 2025 and 2026 as the redeemable convertible preferred stock was not redeemable nor probable of being redeemable. Refer to Note 10 for more information on the rights, preferences, privileges, and restrictions associated with the redeemable convertible preferred stock prior to the conversion in connection with the common stock financing on October 30, 2025.

REVENUE RECOGNITION

Revenue arises from the sale of medical devices. The Company determines revenue recognition through the following steps:

- Identify the contract with a customer;
- Identify the performance obligation(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligation(s); and
- Recognize revenue when/as performance obligation(s) are satisfied.

SALES OF MEDICAL DEVICES

Revenue from the sale of medical devices is recognized when obligations under the terms of contracts with customers are satisfied, which occurs when the Company transfers control of products to its customers. Revenue is measured as the amount of consideration expected to be received in exchange for transferring the products. Payment terms are typically 30 to 90 days.

For instances where a sales representative of the Company delivers product at the point of the implantation procedure at hospitals or medical facilities, revenue is recognized upon authorization from the customer which occurs upon completion of the procedure, including any necessary programming performed by a sales representative of the Company, which represents the point in time when control of the product transfers to the customers.

For the remaining sales, products are shipped directly from the Company's distribution centers to hospitals, medical facilities, and distributors who order in advance of a procedure. In these instances, the transfer of control of the products depends on whether the customer has the training and resources available to be capable of programming the products. In instances where the customer is capable of programming the products, the transfer of control of the products and recognition of revenue occurs when delivery is completed by way of shipping the product to the location specified by the customer. In instances where the customer is not capable of programming the products, the transfer of control of the products and recognition of revenue occurs upon completion of the procedure, including any necessary programming performed by a sales representative of the Company. Customers that receive products in advance of a procedure are obligated to pay within specified terms regardless of when, or if, they ever sell or use the products. The Company does not offer rights of return or price protection.

Revenue is measured as the amount of consideration the Company expects to receive, adjusted for any applicable estimates of variable consideration and other factors affecting the transaction price, which is based on the invoiced price, in exchange for transferring products. Variable consideration related to certain customer sales incentives is estimated based on the amounts expected to be paid based on the agreement with the customer using probability assessments. Amounts recorded as revenue are net of sales returns, trade discounts and the amount of taxes.

The Company allocates the transaction price to each performance obligation based on a relative standalone selling price ("SSP"). SSP for the sale of medical devices is based off the list price of the spinal cord stimulation system.

The Company had no material unsatisfied performance obligations nor satisfied but unrecognized performance obligations related to revenue recognition as of June 30, 2025 and 2026, respectively. The Company had no material contract assets as of June 30, 2025 and 2026, respectively. Deferred revenue arises when payments are received in advance of the satisfaction of performance obligations. Deferred revenue was \$0.6 million as of June 30, 2025 and was zero as of June 30, 2026. Deferred revenue is presented within accounts payable and accrued liabilities on the Company's consolidated balance sheets and is subsequently recognized as revenue when the performance obligation is satisfied in accordance with the Company's revenue recognition policies.

Practical Expedients and Exemptions - The Company recognizes revenue upon the transfer of control of the product and there are no material future performance obligations beyond such transfer. As a result, the Company has elected not to disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed. The Company has elected to account for shipping and handling activities that occur after the customer has obtained control as a fulfillment activity, and not a separate performance obligation. Such shipping and handling costs are expensed as incurred and are included in cost of revenue. The Company does not capitalize incremental costs to obtain a contract when the amortization period of the asset is one year or less.

COST OF REVENUE

Cost of revenue consists primarily of acquisition costs for the components of the spinal cord stimulation systems, overhead costs, scrap and inventory obsolescence, warranty replacement costs, as well as distribution related expenses such as logistics and shipping costs, net of shipping costs charged to customers. The overhead costs include the cost of material procurement, depreciation expense for production equipment, and operations supervision and management personnel, including employee compensation, supplies, and travel.

SALES AND MARKETING

Sales and marketing expenses primarily include personnel-related costs, including salaries, commissions, and stock-based compensation. Other expenses include travel costs, marketing costs, professional service fees, and other expenditures incurred to support the Company's efforts to market and sell its products globally.

GENERAL AND ADMINISTRATIVE

General and administrative expenses include personnel-related costs, including stock-based compensation, facility costs, provision for credit losses, professional service fees, software license fees, patent related costs, and other general overhead costs, including depreciation expense for office and manufacturing equipment and leasehold improvements, which support the Company's operations.

RESEARCH AND DEVELOPMENT

Research and development expenses, including new product development, regulatory compliance, and clinical research, are recognized as operating expenses in the consolidated statements of operations and comprehensive loss. Research and development costs are expensed as incurred. Such costs include personnel-related costs, including stock-based compensation, supplies, services, depreciation expense for lab equipment, information services, clinical trial and related clinical manufacturing expenses, fees paid to investigative sites, and other indirect costs.

OTHER OPERATING EXPENSES

Other operating expenses primarily consist of one-time, non-recurring costs incurred by the Company. For the year ended June 30, 2026, other operating expenses included \$2.8 million of deferred offering costs that were written off in connection with the abandonment of an alternative financing. The remaining \$1.7 million relates to various severance and restructuring costs related to a reduction in force implemented during the year ended June 30, 2026.

STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation in accordance with ASC 718. The Company accounts for all stock-based awards granted to employees and non-employees, including stock options and restricted stock units ("RSUs") as stock-based compensation expense based on the grant date fair value.

Stock-based compensation is classified in the accompanying consolidated statements of operations and comprehensive loss based on the function to which the related services are provided. The Company recognizes stock-based compensation expense for employees on a straight-line basis over the requisite service period. Forfeitures are accounted for as they occur.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on the following subjective assumptions:

Expected Term —The expected term of stock-based awards represents the period that the stock-based awards are expected to remain outstanding. The Company has elected to use the midpoint of the stock options' vesting term and contractual expiration period to compute the expected term, as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

Volatility —The Company estimates volatility for option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the option grant for a term that approximates the options' expected term.

Risk-free Rate —The risk-free rate assumption is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of the option.

Dividends —The Company has never paid, and does not anticipate paying, dividends on its common stock. Therefore, the Company uses an expected dividend yield of zero.

RSUs granted typically have three-year service period. Expense for RSUs begins on the grant date and is recognized over the requisite service period of the award.

INTEREST INCOME

Interest income consists of interest earned on the Company's investments in term deposits and money market funds.

OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) represents all changes in stockholders' equity except those resulting from distributions to stockholders and is excluded from the reported net loss presented in the consolidated statements of operations and comprehensive loss. The Company's unrealized gain (loss) on foreign currency translation adjustment is recognized as a component of other comprehensive income (loss). Additionally, any portion of the fair value adjustment of the Convertible Notes attributed to a change in the instrument-specific credit risk is recognized as a component of other comprehensive income (loss). However, for the periods presented, there was no change in fair value of the Convertible Notes attributed to the instrument-specific credit risk.

EARNINGS PER SHARE

Basic earnings (loss) attributable to common stockholders per share is calculated by dividing net loss attributable to common stockholders by the weighted-average shares outstanding during the period, without consideration for common stock equivalents. Diluted earnings (loss) attributable to common stockholders per share is calculated by adjusting weighted-average shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury-stock and if-converted methods. Since the Company had a net loss in the years ended June 30, 2025 and 2026, basic and diluted net loss per common share is the same.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures*, which requires expanded income tax disclosures primarily related to an entity's effective tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 and should be adopted on a prospective basis. Early adoption is permitted. The Company adopted the guidance on a prospective basis in the fiscal year beginning July 1, 2025, resulting in incremental disclosures as of and for the year ended June 30, 2026 within Note 14.

RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* (Subtopic 220-40): *Disaggregation of Income Statement Expenses*. This ASU is intended to provide more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation and amortization) included in certain expense captions presented on the face of our consolidated statements of operations. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either (1) prospectively to financial statements issued for periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the consolidated financial statements. The Company is currently assessing the impact of the adoption of this update on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU provides entities with the option to elect a practical expedient to assume current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on these assets. This ASU will be effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. The Company is currently assessing the impact of the adoption of this update on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software* (Subtopic 350-40): *Targeted Improvements to the Accounting for Internal-Use Software*. This ASU simplifies the capitalization guidance by removing prescriptive and sequential software development stages. It requires entities to start capitalizing software costs when management authorizes and commits to funding the software project and it is probable the project will be completed and the software will be used for its intended purpose. This ASU will be effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the impact of the adoption of this update on its consolidated financial statements and related disclosures.

NOTE 3. REVENUE

Revenue from the sale of medical devices is recognized when the Company's performance obligation to transfer control of the goods to the customer is satisfied which occurs either at the point of the sale when delivery is completed by way of shipping the product to the location specified by the customer, and the customer has the training and resources available to be capable of programming the products, or when implantation of the medical device, including programming, has been completed.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring the goods and is net of sales returns and trade discounts.

The following table presents revenue by geography, based on the billing address of the customer (in thousands):

	Year Ended June 30, 2025	Year Ended June 30, 2026
United States	\$ 49,878	\$ 63,226
Australia	5,285	6,650
Europe:		
Germany	5,362	9,755
Netherlands	3,940	3,379
United Kingdom	3,002	3,632
Other foreign countries	2,889	3,533
Total revenue	<u>\$ 70,356</u>	<u>\$ 90,175</u>

NOTE 4. FAIR VALUE MEASUREMENTS

Fair value accounting is applied for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The following tables provide the financial instruments measured at fair value on a recurring basis (in thousands):

As of June 30, 2025				
Fair Value Hierarchy				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 40,761	\$ —	\$ —	\$ 40,761
Total financial assets	\$ 40,761	\$ —	\$ —	\$ 40,761
Warrant liabilities	\$ —	\$ —	\$ 1,300	\$ 1,300
Convertible Notes	—	—	129,836	129,836
Total financial liabilities	\$ —	\$ —	\$ 131,136	\$ 131,136

As of June 30, 2026				
Fair Value Hierarchy				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 74,324	\$ —	\$ —	\$ 74,324
Total financial assets	\$ 74,324	\$ —	\$ —	\$ 74,324

TERM DEPOSITS AND MONEY MARKET FUNDS

The Company has short-term, highly liquid investments classified as cash equivalents, which are invested in short-term deposits and money market funds with original maturities of three months or less. The Company records cash equivalents at their original purchase prices plus interest that has accrued at the stated rate.

WARRANTS

Series D Warrants

In connection with the Series D preference shares issuance, Saluda AU issued warrants that were exercisable into 57,083 shares of Series D preference shares of Saluda AU or, upon an initial public offering ("IPO"), the warrants were exercisable into ordinary shares of Saluda AU at the conversion price per share of the Series D preference shares at the time of IPO ("Series D Warrants"). The warrants were exercisable after the exercise commencement date, which was the earliest to occur of: (i) January 1, 2023; (ii) in the event certain agreed commercialization milestones were achieved, then on the date of that achievement; or (iii) a liquidation event. If the earliest event was the date the agreed commercial milestones were achieved, the warrants were subject to the following forfeitures:

- a. If the milestones were achieved by September 1, 2022, then 100% of the warrants would be forfeited.
- b. If the milestones were achieved between September 1, 2022 and December 31, 2022 then 50% of the warrants would be forfeited.
- c. If the milestones were achieved after December 31, 2022 then no warrants would be forfeited.

The warrants became exercisable on December 13, 2022, upon an FDA approval milestone being met and, as a result, 50% of the warrants were forfeited leaving 28,541 warrants outstanding.

As a result of the Redomiciliation, all warrants were amended so that the shares issuable upon exercise of the warrants would be redeemable convertible preferred stock in the Company rather than preference shares in Saluda AU or, upon an IPO, the warrant would be exercisable into common stock of the Company rather than ordinary shares of Saluda AU. The warrants had an exercise price per share of \$656.93 and expire on January 20, 2027.

On October 30, 2025, in connection with the common stock financing transaction and the conversion of the Series D preference shares, the Series D Warrants became exercisable into common stock. As a result, the Series D Warrants were reclassified to equity in accordance with ASC 815. Prior to the reclassification, the warrants were recognized as liabilities in the consolidated balance sheets and were subject to re-measurement at each balance sheet date from issuance. Any change in fair value was recognized as a component of the consolidated statements of operations and comprehensive loss. As of June 30, 2026, the warrants outstanding are currently exercisable into 26 shares of common stock and now have an exercise price of \$595,541 per share.

The fair value of the warrant liabilities was determined based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The fair value of the warrant liabilities used the hybrid method. The hybrid method is often used when a company is expecting a liquidity event in the near future and is a combination of the option-pricing and probability-weighted expected return methods. Estimates and assumptions impacting the fair value measurement include the fair value per share of the underlying shares of redeemable convertible preferred stock, risk-free interest rate, expected dividend yield, expected volatility of the price of the underlying redeemable convertible preferred stock, and the remaining contractual term of the warrants. The most significant assumption in the model impacting the fair value of the warrants is the fair value of the Company's redeemable convertible preferred stock as of each remeasurement date.

Series E-1 Warrants

In connection with the Perceptive Term Loan in March 2025 (see Note 9), the Company also entered into a warrant agreement with the lender, issuing a warrant to purchase 10,776 shares of the Company's Series E-1 redeemable convertible preferred stock ("Series E-1 Warrant"). Upon borrowing the second and third tranches under the Perceptive Term Loan, the Company was originally obligated to issue additional warrants to purchase 3,592 shares of Series E-1 redeemable convertible preferred stock each, for a total of 7,184 shares assuming both tranches were drawn. On June 30, 2026, the Company drew on tranche two of the Perceptive Term Loan and issued a warrant in connection with the draw (see Note 9). As of June 30, 2026, the third tranche remained undrawn, and the associated additional warrants had not been issued.

The per share exercise price of the Series E-1 Warrant was \$415.80 however, if the per share price to the public in an IPO was less than the conversion price of the Series E-1 redeemable convertible preferred stock (see Note 10), the exercise price of the Series E-1 Warrant would have been reduced to a price per share equal to 75% of the IPO price. The original Series E-1 Warrant was set to expire on March 14, 2035. The warrant was recognized as a liability in the consolidated balance sheets, subject to re-measurement at each balance sheet date from issuance. Any changes in fair value were recognized within change in fair value of financial instruments in the consolidated statements of operations and comprehensive loss.

On October 30, 2025, in connection with the common stock financing transaction, the Company entered into an Amended and Restated Warrant Certificate related to the Series E-1 Warrant. The amended Series E-1 Warrant entitles the holder to purchase 263,712 shares of common stock at an exercise price of \$16.99 per share, exercisable through March 14, 2035. The amended Series E-1 Warrant may be exercised through cash payment or cashless exercise at the holder's option, and both the number of shares and exercise price are subject to standard anti-dilution adjustments. The amended Series E-1 Warrant meets the criteria to be classified as equity in accordance with ASC 815, and was therefore reclassified to equity. Prior to the reclassification, the Series E-1 Warrant was measured at fair value one last time, with the change in fair value recognized in the consolidated statements of operations and comprehensive loss.

The fair value of the warrant liabilities was determined based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The fair value of the warrant liabilities used the hybrid method. The hybrid method is often used when a company is expecting a liquidity event in the near future and is a combination of the option-pricing and probability-weighted expected return methods. Estimates and assumptions impacting the fair value measurement include the fair value per share of the underlying shares of redeemable convertible preferred stock, risk-free interest rate, expected dividend yield, expected volatility of the price of the underlying redeemable convertible preferred stock, and the remaining contractual term of the warrants. The most significant assumption in the model impacting the fair value of the warrants is the fair value of the Company's redeemable convertible preferred stock as of each remeasurement date.

A summary of the changes in the fair value of the warrant liabilities for the years ended June 30, 2025 and 2026 is as follows (in thousands):

	Warrant Liabilities
Fair value of warrant liabilities, June 30, 2024	\$ 2,900
Issuance of Series E-1 Warrants	500
Change in fair value of warrant liabilities	(2,100)
Fair value of warrant liabilities, June 30, 2025	\$ 1,300
Change in fair value of warrant liabilities	1,500
Reclassification to equity	(2,800)
Fair value of warrant liabilities, June 30, 2026	<u>\$ —</u>

CONVERTIBLE NOTES

On January 3, 2025, the Company issued Convertible Notes (see Note 9) to investors and elected to account for them at fair value under ASC 825, with changes in fair value and related costs recognized in earnings or other comprehensive income (loss), as applicable, each reporting period.

The fair value of the Convertible Notes was determined based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The fair value of the Convertible Notes used a probability-weighted model based on outcomes of a Qualified IPO, a Qualified Financing, and a Change of Control, as each is defined in the Convertible Note agreements. The measurement is also based on the Company's own assumptions of expected timing and probabilities of future cash flows and discounting the future cash flows using a debt yield.

On October 30, 2025, in connection with the common stock financing transaction, the Convertible Notes were converted into shares of common stock and are no longer outstanding. The conversion of the Convertible Notes, along with the conversion of the Series D, D-1, E, and E-1 redeemable convertible preferred stock, were accounted for as a collective induced conversion (see Note 1). As such, the Company recognized a deemed dividend of \$90.0 million related to the collective induced conversion of the Induced Instruments which was equal to the fair value of all common stock issued in exchange for the conversion of the Induced Instruments in excess of the fair value of common stock issuable pursuant to the respective original conversion terms of the Induced Instruments.

The Convertible Notes were remeasured to fair value immediately prior to the collective induced conversion accounting with such remeasurement recorded within change in fair value of Convertible Notes.

A summary of the changes in the fair value of the Convertible Notes is as follows (in thousands):

	Convertible Notes
Fair value as of June 30, 2024	\$ —
Issuance of Convertible Notes	120,587
Change in fair value of Convertible Notes	9,249
Fair value as of June 30, 2025	\$ 129,836
Change in fair value of Convertible Notes	(8,576)
Conversion of Convertible Notes	(121,260)
Fair value as of June 30, 2026	\$ —

None of the change in fair value for the years ended June 30, 2025 and 2026 is attributed to a change in the instrument-specific credit risk and accordingly none is recognized as a component of other comprehensive income (loss). The entire change in fair value for the years ended June 30, 2025 and 2026 is recorded within change in fair value of financial instruments in the consolidated statements of operations and comprehensive loss.

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following (in thousands):

	As of June 30, 2025	As of June 30, 2026
Payroll liabilities	\$ 10,740	\$ 14,508
Accrued expenses	12,316	10,765
Accounts payable	1,499	5,401
Current tax payable	722	1,139
Deferred revenue	627	—
Total accounts payable and accrued liabilities	\$ 25,904	\$ 31,813

NOTE 6. INVENTORIES

Inventories consist of the following (in thousands):

	As of June 30, 2025	As of June 30, 2026
Current		
Raw materials	\$ 7,007	\$ 2,249
Work in progress	2,410	6,333
Finished goods	33,916	23,891
Total current inventories	<u>\$ 43,333</u>	<u>\$ 32,473</u>
Non-current		
Raw materials	\$ 319	\$ 803
Work in progress	—	151
Finished goods	1,997	474
Total non-current inventories	<u>\$ 2,316</u>	<u>\$ 1,428</u>

During the years ended June 30, 2025 and 2026, the Company had inventory write-downs of \$1.6 million and \$1.9 million, respectively.

NOTE 7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following (in thousands):

	As of June 30, 2025	As of June 30, 2026
Office equipment	\$ 4,898	\$ 4,850
Leasehold improvements	3,144	3,308
Manufacturing equipment	2,050	2,225
Laboratory equipment	853	926
Total	10,945	11,309
Less: accumulated depreciation	(6,086)	(7,486)
Property and equipment, net	<u>\$ 4,859</u>	<u>\$ 3,823</u>

Depreciation expense for the years ended June 30, 2025 and 2026 was \$1.6 million and \$1.8 million, respectively, of which \$0.3 million for both years were included in sales and marketing, \$0.7 million for both years were included in general and administrative expenses, \$0.1 million for both years were included in research and development, and \$0.5 million and \$0.7 million, respectively, were included in cost of revenue in the consolidated statements of operations and comprehensive loss.

NOTE 8. LEASES

The Company has operating leases for office space, manufacturing facilities, warehousing and research and development activities. Leases with terms of 12 months or less are not recorded on the consolidated balance sheets, as the related lease expenses are recognized on a straight-line basis over the term of the lease. The Company has no finance leases.

As of June 30, 2026, the Company had leases with remaining terms of 1 year to 3 years, with certain leases that contain options to extend the lease term for up to an additional 5 years, which are not included in the initial lease terms as they are not reasonably certain to be exercised. Lease expense was \$1.9 million and \$2.1 million for the years ended June 30, 2025 and 2026, respectively. This includes variable lease expense of \$0.6 million and \$0.7 million for the years ended June 30, 2025 and 2026, which is included in general and administrative expenses on the accompanying consolidated statements of operations and comprehensive loss.

The weighted-average lease terms and discount rates are as follows:

	As of June 30, 2025	As of June 30, 2026
Weighted-average remaining lease term	3.62 years	2.75 years
Weighted-average discount rate	8.67%	8.12%

As of June 30, 2026, the undiscounted maturity of lease liabilities are as follows (in thousands):

Year Ending June 30,	Operating Leases
2027	\$ 1,455
2028	1,263
2029	1,112
Total lease payments	3,830
Less: interest	(423)
Present value of future lease payments	3,407
Less: current portion of operating lease liabilities	(1,218)
Non-current operating lease liabilities	\$ 2,189

The operating cash outflows included in the measurement of the operating lease liabilities was \$1.3 million and \$1.5 million for the years ended June 30, 2025 and 2026, respectively.

NOTE 9. DEBT

COVIDIEN TERM LOAN

On March 11, 2019, the Company entered into a non-convertible subordinated term loan agreement with Covidien Group S.a.r.l, which initially provided for borrowings up to \$90.0 million under a term loan ("the Covidien Term Loan"), which was set to mature on September 11, 2025. The Company drew \$45.0 million under the Covidien Term Loan. The Covidien Term Loan bore a fixed interest rate of 8.0% per annum. The Covidien Term Loan was not issued at a discount or premium. The principal of the Covidien Term Loan and accrued interest was repaid in full during the year ended June 30, 2025 with proceeds from the Perceptive Term Loan.

PERCEPTIVE TERM LOAN

On March 14, 2025, the Company entered into a Credit Agreement and Guaranty with Perceptive Credit Holdings IV, LP, which provides for a senior secured delayed draw term loan facility in an aggregate principal amount of up to \$125.0 million ("the Perceptive Term Loan"). The funding of the Perceptive Term Loan is available in up to three tranches. The first tranche of \$75.0 million was funded in March 2025 upon closing the Perceptive Term Loan. The second tranche of \$25.0 million was available through June 30, 2026, subject to certain conditions, and was drawn in full on June 30, 2026. The third tranche of \$25.0 million is available through December 31, 2026, subject to certain conditions, and had not been drawn as of June 30, 2026. The proceeds from the first tranche of the Perceptive Term Loan were used to repay the Covidien Term Loan and for general operating purposes.

On June 30, 2026, in connection with the draw of the second tranche of the Perceptive Term Loan, the Company issued a warrant to purchase 88,000 shares of common stock at an exercise price of \$17.00 per share ("Common Stock Warrant"). The Common Stock Warrant met the criteria to be classified as equity in accordance with ASC 815 upon issuance and therefore was recorded to additional paid-in capital.

The Company allocated \$0.2 million of the second tranche proceeds to the Common Stock Warrant based on its relative fair value, estimated using the Black-Scholes option-pricing model with the following assumptions:

Stock price	\$	4.60
Expected term (in years)		10.00
Expected volatility		55.0%
Risk-free interest rate		4.44%
Dividend yield		—

The Perceptive Term Loan bears interest on outstanding balances of 7.5% plus the greater of (x) one-month Term SOFR and (y) 3.5%. All interest is due and payable on the first day of each calendar month. The Perceptive Term Loan will mature on March 14, 2030. The Perceptive Term Loan is not subject to amortization and is guaranteed by certain of the Company's subsidiaries and secured by substantially all of the Company's assets and the guarantors, subject to certain customary exceptions and limitations.

The Perceptive Term Loan may be prepaid in whole or in part at any time for any reason at the Company's option and is required to be mandatorily prepaid upon certain casualty events, an asset sale or upon any acceleration of the Perceptive Term Loan. Voluntary prepayment of the Perceptive Term Loan, mandatory prepayment of the Perceptive Term Loan and acceleration of the Perceptive Term Loan are subject to a scaled prepayment premium. The prepayment premium is 10.0% on or prior to March 14, 2025, which declines to 9.0%, 8.0%, 6.0% and 4.0% every 12 months thereafter.

The Perceptive Term Loan contains events of default, including, without limitation, events of default upon: (i) failure to make a payment pursuant to the terms of the agreement; (ii) violation of certain covenants; (iii) payment or other defaults on other indebtedness; (iv) material adverse change in the business or change in control; (v) insolvency; (vi) significant judgments; (vii) incorrectness of representations and warranties; (viii) regulatory matters; and (ix) failure by us to maintain a valid and perfected lien on the collateral securing the borrowing. In the event of an event of default, the lender may terminate its commitments and declare all amounts outstanding under the Perceptive Term Loan immediately due and payable, together with accrued interest and all fees and other obligations. The amount of such repayment will include payment of any prepayment premium applicable due to the time of such payment. In addition, upon the occurrence and during the continuance of any event of default, the applicable margin will increase by 4.00% per annum.

The Perceptive Term Loan includes a number of negative covenants imposing certain restrictions on the Company's business, including, among other things, restrictions on the Company's ability to incur indebtedness, prepay certain indebtedness, incur liens, make certain fundamental changes including mergers or dissolutions, pay dividends and make other payments, repurchases and redemptions in respect of capital stock, make loans and investments, sell assets, change the Company's lines of business, enter into transactions with affiliates and certain other corporate actions. Such negative covenants are subject to customary and other agreed-upon exceptions. The Perceptive Term Loan also includes customary affirmative covenants. The Perceptive Term Loan contains certain financial covenants relating to minimum liquidity and minimum revenue. Additionally, there are certain non-financial covenants.

The Perceptive Term Loan includes financial covenants that requires the Company to (i) maintain, at all times, a minimum aggregate balance of \$5.0 million in cash in one or more controlled accounts, and (ii) satisfy certain minimum revenue thresholds, measured for the twelve consecutive month period on each calendar quarter-end until December 31, 2029. Failure to satisfy these financial covenants would constitute an event of default under the Perceptive Term Loan.

As of June 30, 2025 and 2026, the Company was in compliance with all these covenants under the Perceptive Term Loan.

The Perceptive Term Loan was issued at a discount due to the issuance of Series E-1 Warrant and Common Stock Warrant with combined respective issuance fair values of \$0.7 million and associated issuance costs of \$3.7 million. As of June 30, 2026, the Perceptive Term Loan has an effective interest rate of 12.35%.

Interest expense on the Company's term loans for the years ended June 30, 2025 and 2026 totaled \$6.6 million and \$9.4 million, respectively.

The following table summarizes the Company's stated debt maturities and scheduled principal repayments for the Perceptive Term Loan as of June 30, 2026 (in thousands):

Year Ending June 30,	
2027	\$ —
2028	—
2029	—
2030	100,000
Total future principal payments	100,000
Unamortized issuance costs and debt discount	(3,658)
Total term loan, net	\$ 96,342

CONVERTIBLE NOTES

On January 3, 2025 the Company entered into convertible note purchase agreements with various existing investors and one non-existing investor for \$99.4 million ("the Convertible Notes"). The Convertible Notes bore interest at a rate of 8% per annum and were due and payable on demand by the noteholders at any time after January 3, 2026. Under the terms of the agreements, the Convertible Notes were subordinated to the Perceptive Term Loan, meaning no payments of principal or interest could be made on the Convertible Notes until the Perceptive Term Loan had been paid in full.

The Company elected to apply the fair value option, as per ASC 825, to the outstanding Convertible Notes. As such, the Convertible Notes were recognized at fair value with changes in fair value recognized in the statements of operations and comprehensive loss within the change in fair value of financial instruments. Contractual interest expense for the Convertible Notes is recorded as a component of the change in fair value within change in fair value of financial instruments on the statements of operations and comprehensive loss. The fair value of the Convertible Notes at issuance on January 3, 2025 was \$120.6 million. The excess of the fair value of the Convertible Notes over the proceeds received was recorded as a loss on issuance of Convertible Notes in the statements of operations and comprehensive loss.

In connection with the Convertible Notes, the Company executed an Exchange Agreement, which facilitated the exchange of certain of the Company's Series D and Series E redeemable convertible preferred stock for Series D-1 and Series E-1 redeemable convertible preferred stock, respectively, on a one-for-one basis ("Preferred Stock Exchange"). All rights, preferences, and privileges of the Series D-1 and Series E-1 redeemable convertible preferred stock are the same as the Series D and Series E redeemable convertible preferred stock, respectively, with the exception that if the per share price to the public in an IPO is less than the conversion price of the Series D-1 and Series E-1 redeemable convertible preferred stock, the conversion price will be reduced to a price per share equal to 75% of the IPO price. The Company accounted for the Preferred Stock Exchange as an extinguishment of the Series D and Series E redeemable convertible preferred stock and the issuance of new Series D-1 and Series E-1 redeemable convertible preferred stock. The Company recognized the Series D-1 and Series E-1 redeemable convertible preferred stock at their fair value and derecognized the carrying value of the Series D and Series E redeemable convertible preferred stock with the difference of \$0.7 million being recorded as a reduction of the loss on issuance of Convertible Notes in the statements of operations and comprehensive loss.

On October 30, 2025, in connection with the common stock financing transaction, the Convertible Notes were converted into shares of common stock and are no longer outstanding. The conversion of the Convertible Notes was accounted for as an induced conversion (see Note 1).

NOTE 10. REDEEMABLE CONVERTIBLE PREFERRED STOCK

In January 2025, the Company issued 53,235 shares of Series D-1 redeemable convertible preferred stock and 128,951 shares of Series E-1 redeemable convertible preferred stock in exchange for Series D and E redeemable convertible preferred stock (see Note 9).

On October 30, 2025, in connection with the common stock financing transaction, all outstanding shares of the Company's redeemable convertible preferred stock were converted into shares of common stock (see Note 1). As a result, there are no shares outstanding of redeemable convertible preferred stock as of June 30, 2026.

Redeemable convertible preferred stock consisted of the following as of June 30, 2025 (in thousands, except share data):

	Issuance Date*	Shares Authorized	Shares Issued and Outstanding	Original Issue Price per Share	Aggregate Liquidation Preference
Series A	6/1/2016	53,122	53,122	\$ 322.03	\$ 17,107
Series B	5/24/2017 and 7/25/2018	117,440	117,440	\$ 340.09 – 336.02	39,732
Series C	6/28/2019	94,840	94,840	\$ 792.41	75,152
Series D	1/20/2022	218,821	137,043	\$ 656.93	90,028
Series E	4/6/2023	360,751	231,800	\$ 415.80	96,381
Series D-1	1/3/2025	190,279	53,235	\$ 656.93	34,972
Series E-1	1/3/2025	360,748	128,951	\$ 415.80	53,618
		<u>1,396,001</u>	<u>816,431</u>		<u>\$ 406,990</u>

* The issuance date for Series A, B, C, and D represents the original issuance date of the respective preference shares of Saluda AU that were subsequently exchanged for redeemable convertible preferred stock of the Company as a part of the Redomiciliation. The issuance date for Series E, D-1, and E-1 represents the issuance date of the respective redeemable convertible preferred stock of the Company subsequent to the Redomiciliation.

The various rights and preferences of the redeemable convertible preferred stock prior to conversion on October 30, 2025 were as follows:

Voting Rights—On any matter presented to shareholders, preferred shareholders were entitled to the number of votes equal to the number of common shares into which these preferred shares could be converted.

Dividends—At a date determined by the Board, each preferred stockholder had a right to receive a dividend of 8% of the original issue price of the relevant preferred share subject to the Board resolving to pay a distribution and the Company having sufficient funds and reserves to pay such distribution as at distribution entitlement date and distribution payment date.

The distribution of preferred shares was non-cumulative in nature. The Company cannot pay distribution to a particular series of preferred shareholders or common shareholders in respect of a period for which no distribution is paid to the holders of preferred shares which ranks in priority to them or if any unpaid distribution remains outstanding (unless waived by such series' preferred shareholders). Through the date of conversion of the redeemable convertible preferred stock on October 30, 2025, there were no dividends declared, paid, or set aside.

Conversion—Series A, B, C, D, E, D-1, and E-1 redeemable convertible preferred stock could be converted into fully paid common shares at the holders discretion. The number of common shares received upon conversion was to be determined by dividing the original issuance price by the conversion price, then multiplying by the number of preferred shares being converted. The initial conversion price per share for Series A, Series B, Series E, and Series E-1 redeemable convertible preferred stock was equal to the respective original issuance prices per share. The initial conversion price per share for Series C redeemable convertible preferred stock was \$651.15. The initial conversion price per share for Series D and Series D-1 redeemable convertible preferred stock was \$596.89. The respective initial conversion prices per share for all series of redeemable convertible preferred stock was subject to adjustment in the event of share splits and consolidations, dividends and distributions, subdivisions or similar distributions, and other capital reconstructions. If the per share price to the public in an IPO was less than the conversion price of the Series D-1 and Series E-1 redeemable convertible preferred stock, the conversion price would be reduced to a price per share equal to 75% of the IPO price.

All outstanding preferred shares would automatically convert into common shares under certain conditions. This includes a Qualifying IPO, characterized as an IPO that is firmly underwritten and brings aggregate gross proceeds to the Company of at least \$75 million, excluding underwriting discounts, commissions, and fees. For Series E and Series E-1 redeemable convertible preferred stock, conversion was contingent upon obtaining approval from the requisite Series E and Series E-1 holders. Additionally, an affirmative vote for conversion by the respective class of preferred shareholders triggers the mandatory conversion.

As stated in Note 1, all redeemable convertible preferred stock were converted on October 30, 2025 in connection with the common stock financing. The Series A, B, and C redeemable convertible preferred stock were converted into common stock pursuant to their original terms while the Series D, D-1, E, and E-1 were amended as a part of an induced conversion including the Convertible Notes.

Liquidation Rights—In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of Series E, E-1, D, D-1, and C redeemable convertible preferred stock then outstanding were entitled to be paid out of the assets of the Company available for distribution to its stockholders or, in the case of a Deemed Liquidation Event defined as a sale of 50% or more of the share capital of the Company or a sale of substantially all of the Company's assets, out of the consideration payable to stockholders in such Deemed Liquidation Event or available proceeds, before any payment shall be made to the holders of Series B redeemable convertible preferred stock, Series A redeemable convertible preferred stock, and common stock. Following payment to the holders of Series E, E-1, D, D-1, and C redeemable convertible preferred stock, the remaining assets of the Company available for distribution to stockholders or, in the case of a Deemed Liquidation Event, the remaining consideration payable to stockholders, would be distributed first to holders of Series B redeemable convertible preferred stock, then to holders of Series A redeemable convertible preferred stock, and lastly to holders of common stock.

Redemption—In the event of insolvency or a Deemed Liquidation Event, each holder of redeemable convertible preferred stock (with written consent of the preferred shareholders of that particular class) had the option to require the Company to purchase any or all its shares at redemption price. Redemption price was defined as the original issuance price plus any declared but unpaid distribution.

NOTE 11. STOCKHOLDERS' EQUITY

CERTIFICATE OF INCORPORATION

On November 28, 2025, the Company filed an Amended and Restated Certificate of Incorporation, authorizing 300,000,000 shares of common stock, par value \$0.0001 per share, and 10,000,000 shares of preferred stock, par value \$0.0001 per share. The Company is not authorized to issue any other class of stock.

COMMON STOCK

Each share of common stock holds economic rights and entitles its holder to one vote per share on all matters submitted to a vote of the stockholders. The shares authorized are available to issue for purposes of the exercise of common stock options and warrants, the settlement of RSUs, and for purposes of any future transactions.

The Company had reserved shares of common stock for issuance as of June 30, 2026 as follows:

	As of June 30, 2026
Options issued and outstanding	1,785,812
Restricted stock units issued and outstanding	2,734,865
Additional shares available for grant under the equity plan	1,669,571
Series D Warrants outstanding and exercisable ⁽¹⁾	26
Series E-1 Warrant outstanding and exercisable ⁽¹⁾	263,712
Common Stock Warrant outstanding and exercisable	88,000
Total	6,541,986

(1) In connection with the common stock financing, the Series D Warrants and Series E-1 Warrant are exercisable into common stock as of June 30, 2026 (see Notes 1 and 4).

NOTE 12. NET LOSS PER SHARE

The following table reconciles the numerator and denominator used in the computation of basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share data):

	Year Ended June 30, 2025	Year Ended June 30, 2026
Numerator		
Net loss	\$ (149,302)	\$ (149,569)
Less: Deemed dividend related to induced conversion	—	(90,044)
Net loss attributable to common stockholders, basic and diluted	<u>\$ (149,302)</u>	<u>\$ (239,613)</u>
Denominator		
Weighted-average number of common shares outstanding, basic and diluted	325,145	16,215,873
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (459.19)</u>	<u>\$ (14.78)</u>

Net loss, as presented in the consolidated statements of operations and comprehensive loss, has been adjusted for the deemed dividend related to the induced conversion (see Note 1) for purposes of calculating net loss attributable to common stockholders. Basic earnings per share is calculated by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding, adjusted for the effects of potentially dilutive common stock, which are comprised of stock options and stock warrants, using the treasury-stock method, and redeemable convertible preferred stock, using the if-converted method. Because the Company reported net losses for the periods presented, all potentially dilutive common stock is antidilutive for those periods. The redeemable convertible preferred stock were considered participating securities; however, they were excluded from the computation of basic loss per share for the years ended June 30, 2025 and 2026 as there is no contractual obligation or terms for the holders to share in the losses of the Company.

The following table presents the number of antidilutive shares excluded from the calculation of diluted net loss per share:

	Year Ended June 30, 2025	Year Ended June 30, 2026
Common stock equivalent of redeemable convertible preferred stock issued and outstanding	847,962	—
Stock options outstanding	483,624	1,785,812
RSUs outstanding	—	2,734,865
Common stock equivalent of Series D Warrants outstanding and exercisable ⁽¹⁾	31,408	26
Common stock equivalent of Series E-1 Warrant outstanding and exercisable ⁽¹⁾	10,776	263,712
Common Stock Warrant outstanding and exercisable	—	88,000
Total	<u>1,373,770</u>	<u>4,872,415</u>

(1) In connection with the common stock financing, the Series D Warrants and Series E-1 Warrant are exercisable into common stock as of June 30, 2026 (see Notes 1 and 4).

NOTE 13. STOCK-BASED COMPENSATION

2023 INCENTIVE AWARD PLAN

During the year ended June 30, 2023, the Company adopted the 2023 Incentive Award Plan pursuant to which the Board of Directors may grant stock options, stock appreciation rights, restricted stock, restricted stock units, other awards to individuals who are then employees, officers, non-employee directors or consultants of the Company. Stock options must be granted with an exercise price equal to the stock's fair market value at the date of grant. Stock options and restricted stock units generally have 10-year terms and service based vesting conditions over a three or four-year period starting from the date specified in each agreement. As of June 30, 2026, the Company is authorized to issue up to 15,000,000 shares under the 2023 Incentive Award Plan.

As part of the Redomiciliation, the Company adjusted the terms of all previously issued stock options outstanding under the Saluda Medical Pty Ltd Employee Option Plan ("Saluda AU Plan"). Following this adjustment, upon vesting, option holders under the Saluda AU Plan are now entitled to acquire one common share of the Company rather than one ordinary share of Saluda AU. The exercise price for these options was adjusted based on the Australian Dollar to U.S. Dollar exchange rate effective on their respective original issuance dates. All other conditions and terms associated with these outstanding options remain unaffected. On the date of the Redomiciliation, the Company had 137,961 options outstanding under the Saluda AU Plan. Any options forfeited under the Saluda AU Plan rollover to the 2023 Incentive Award Plan.

REPRICING OF STOCK OPTIONS

On August 14, 2024, the Company's Board of Directors approved a repricing of certain outstanding and unexercised stock options held by employees and directors of the Company (the "August 2024 Repricing"). The August 2024 Repricing was effective as of August 14, 2024, whereby 87,955 options were repriced on a one-for-one basis with the exercise price of each option being lowered to \$184.37 per share (the determined fair market value per share on the date of the August 2024 Repricing). The new exercise price of \$184.37 per share was to go into effect two years after the board approval of the Repricing (i.e. August 14, 2026), or earlier in the event of a change of control of the Company or qualifying termination of the option holder's employment or service to the Company. Prior to the new exercise price becoming effective, holders of the underlying options were able to exercise the awards at the original, higher exercise price per share that was in effect prior to the August 2024 Repricing. The vesting and all other provisions of the options impacted by the August 2024 Repricing remained the same.

On March 19, 2025, the Company's Board of Directors approved another repricing of certain outstanding and unexercised stock options held by employees and directors of the Company (the "March 2025 Repricing"). The March 2025 Repricing was effective as of March 19, 2025, whereby 207,650 options were repriced on a one-for-one basis with the exercise price of each option being lowered to \$84.46 per share (the determined fair market value per share on the date of the March 2025 Repricing). The new exercise price was effective immediately. The vesting and all other provisions of the options impacted by the March 2025 Repricing remained the same. Any outstanding options as of the March 2025 Repricing date that were previously repriced from the August 2024 Repricing were superseded by the March 2025 Repricing.

The Company accounted for both the August 2024 Repricing and March 2025 Repricing as modifications of the original awards with incremental stock-based compensation expenses calculated as the excess of the fair value of the modified awards over the fair value of the original awards on the modification date. As of the date of the August 2024 Repricing and March 2025 Repricing, the amount of incremental stock-based compensation expense that the Company expects to recognize for these modified awards is \$3.6 million and \$2.9 million, respectively, and will be recognized on a straight-line basis over the remaining requisite service periods applicable to each award. As a result of the repricings, the Company recognized additional stock-based compensation expense of \$4.8 million and \$0.4 million for the years ended June 30, 2025 and 2026, respectively.

The following tables summarizes stock option activity under the Company's stock-based compensation plans during the year ended June 30, 2026 (in thousands, except option and share data):

STOCK OPTIONS

	Number of options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Outstanding as of June 30, 2025	483,624	\$ 96.34	8.23	\$ —
Options granted	1,597,633	18.20	—	—
Options forfeited or cancelled	(295,445)	43.83	—	—
Outstanding as of June 30, 2026	1,785,812	\$ 35.12	8.77	\$ —
Options vested and exercisable as of June 30, 2026	473,932	\$ 69.53	7.12	\$ —

The weighted-average grant-date fair value of options granted during the years ended June 30, 2025 and 2026 was \$45.32 and \$9.59 per share, respectively. The total fair value of options vested during the years ended June 30, 2025 and 2026 was \$6.7 million and \$6.6 million, respectively, based on the grant date fair value.

The aggregate intrinsic values of options outstanding and vested and exercisable were calculated as the difference between the exercise price of the options and the determined fair value of the Company's common stock as of June 30, 2026. The aggregate intrinsic value of stock options exercised in the years ended June 30, 2025 and 2026 was immaterial.

The Company records stock-based compensation of stock options granted by estimating the fair value of stock-based awards using the Black-Scholes option pricing model. The fair value is amortized on a straight-line basis over the requisite service period of the awards. The following assumptions were used in estimating the fair value:

	Year Ended June 30, 2025	Year Ended June 30, 2026
Stock Options:		
Expected term (in years)	5.00 – 6.08	5.08 – 6.08
Expected volatility	45.49 – 57.52%	51.87 – 55.43%
Risk-free interest rate	3.63 – 4.19%	3.60 – 4.07%
Dividend yield	—	—

The Company recorded stock-based compensation expense for stock options of \$14.0 million and \$11.5 million for the years ended June 30, 2025 and 2026, respectively. As of June 30, 2026, the total unrecognized compensation expense related to unvested options was \$8.4 million, which the Company expects to recognize over an estimated weighted-average period of 1.4 years.

RESTRICTED STOCK UNITS

	Number of restricted stock units	Weighted-Average Grant Date Fair Value per Share	Weighted-Average Remaining Contractual Term (in Years)
Outstanding as of June 30, 2025	—	\$ —	—
Restricted stock units granted	2,734,865	16.58	—
Outstanding as of June 30, 2026	2,734,865	\$ 16.58	9.42

The Company recorded stock-based compensation expense for restricted stock units of zero and \$16.4 million for the years ended June 30, 2025 and 2026, respectively. As of June 30, 2026, the total unrecognized compensation expense related to unvested restricted stock units was \$29.3 million, which the Company expects to recognize over an estimated weighted-average period of 1.5 years.

STOCK-BASED COMPENSATION EXPENSE

A summary of stock-based compensation expense by line item in the consolidated statements of operations and comprehensive loss is as follows (in thousands):

	Year Ended June 30, 2025	Year Ended June 30, 2026
Sales and marketing	\$ 2,378	\$ 6,621
General and administrative	9,101	16,910
Research and development	2,550	4,364
Total stock-based compensation	\$ 14,029	\$ 27,895

NOTE 14. INCOME TAX

Loss before income taxes was comprised of the following (in thousands):

	Year Ended June 30, 2025	Year Ended June 30, 2026
Domestic	\$ (64,182)	\$ (74,776)
Foreign	(84,591)	(74,090)
Total loss before income taxes	<u>\$ (148,773)</u>	<u>\$ (148,866)</u>

The provision for income taxes consisted of the following (in thousands):

	Year Ended June 30, 2025	Year Ended June 30, 2026
Current tax provision:		
Federal	\$ 329	\$ 186
State	17	17
Foreign	183	533
Total current income tax provision	<u>\$ 529</u>	<u>\$ 736</u>
Deferred tax provision (benefit):		
Federal	\$ —	\$ —
State	—	—
Foreign	—	(33)
Total deferred income tax provision (benefit)	<u>\$ —</u>	<u>\$ (33)</u>
Total income tax provision	<u>\$ 529</u>	<u>\$ 703</u>

The following is a reconciliation of the federal tax calculated at the statutory rate to the actual income tax provision for the year ended June 30, 2025:

	Year Ended June 30, 2025	
	(in thousands)	(as %)
Income tax expense at federal statutory rate	\$ (31,244)	21.0%
Research & development tax credit	(2,287)	1.5%
Foreign tax rate differences	(6,987)	4.7%
Non-deductible expenses	8,306	(5.6)%
Change in valuation allowance	32,699	(22.0)%
Other, net	42	—
Total	<u>\$ 529</u>	<u>(0.4)%</u>

The following is a reconciliation of the federal tax calculated at the statutory rate to the actual income tax provision for the year ended June 30, 2026:

Year Ended June 30, 2026		
	(in thousands)	(as %)
Income tax expense at federal statutory rate	\$ (31,332)	21.0%
State and local income taxes (net of federal effect)	13	0.0%
Tax credits		
Research & development tax credit	(571)	0.4%
Non-taxable or non-deductible items		
Tax effects of share-based payment awards	2,039	(1.4)%
Other non-taxable or non-deductible items, net	241	(0.2)%
Changes in valuation allowance	15,852	(10.6)%
Other, net	177	(0.1)%
Foreign tax effects		
Australia		
Statutory tax rate difference between Australia and U.S.	(6,081)	4.1%
Change in valuation allowance	21,467	(14.4)%
Research & development tax credit	(1,196)	0.8%
Other foreign jurisdictions	94	(0.1)%
Total	\$ 703	(0.5)%

The amounts of cash taxes paid / (received) by the Company during the year ended June 30, 2026 are as follows (in thousands):

	Year Ended June 30, 2026
U.S. federal	\$ 343
State and local	1
Foreign	
United Kingdom	79
Germany	68
Netherlands	8
	\$ 499

Deferred income taxes are provided for the effects of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes. Significant components of deferred tax assets and deferred tax liabilities consisted of the following (in thousands):

	As of June 30, 2025	As of June 30, 2026
Employment related accruals	\$ 7,440	\$ 14,016
Capitalized research	3,960	6,717
Interest expense limitation	1,090	1,717
Other	4,938	5,480
Net operating loss carryovers	117,658	149,619
Research & development credit carryovers	7,948	9,928
Total gross deferred tax asset	143,034	187,477
Valuation allowance	(141,018)	(185,388)
Deferred tax assets	2,016	2,089
Other	(2,016)	(2,058)
Deferred tax liabilities	(2,016)	(2,058)
Net deferred income tax assets (liabilities)	\$ —	\$ 31

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during periods in which those temporary differences become deductible. Based on the level of historical losses and projections of losses in future periods, the Company provided a valuation allowance at June 30, 2026 and 2025 of \$185.4 million and \$141.0 million, respectively. The net change in the total valuation allowance for the year ended June 30, 2026 was an increase of \$44.4 million.

As of June 30, 2026, the Company has gross federal and foreign operating loss carryforwards of approximately \$92.7 million and \$423.5 million, respectively, that may be carried over indefinitely. As of June 30, 2026, the Company has federal and foreign tax credit carryforwards of \$3.0 million and \$6.6 million, respectively. The federal tax credit carryforwards expire between 2041 and 2044. The foreign tax credits may be carried forward indefinitely. Additionally, the Company has gross state net operating loss carryforwards of approximately \$3.9 million and state credit carryforwards of approximately \$0.5 million with various expiration periods.

The Company files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With a few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2023.

There were no unrecognized tax benefits as of June 30, 2026. The Company recognizes interest and penalties related to unrecognized tax benefits in its provision for income taxes. The Company makes adjustments to these reserves when facts and circumstances change, such as the closing of tax audits or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made.

U.S. income tax has not been recognized on the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that is indefinitely reinvested outside the United States. This amount becomes taxable upon a repatriation of assets from the subsidiary or a sale or liquidation of the subsidiary. Determination of the amount of any unrecognized deferred income tax liability on this temporary difference is not practicable because of the complexities of the hypothetical calculation.

NOTE 15. COMMITMENTS AND CONTINGENCIES

LITIGATION

From time to time, the Company may become involved in various legal claims and litigation in the ordinary course of its business. Management believes that any liability of the Company that may arise out of or with respect to these matters, both individually and in the aggregate, will not materially adversely affect the financial position, results of operations, or cash flows of the Company.

NOTE 16. SEGMENT REPORTING

The Company has one business activity and there are no segment managers who are held accountable for operations, operating results or plans for levels or components below the consolidated unit level, other than revenue. Accordingly, the Company has determined that it has a single operating and reportable segment structure.

The Chief Operating Decision Maker (the "CODM") for the Company is the Chief Executive Officer. The CODM uses net loss reported on the consolidated statements of operations and comprehensive loss to assess performance and allocate resources and evaluate financial performance for the reportable segment. The CODM is regularly provided with only the consolidated expenses as noted on the face of the consolidated statements of operations and comprehensive loss.

The following table presents the Company's property and equipment, net by geography (in thousands):

	As of June 30, 2025	As of June 30, 2026
Australia	\$ 3,120	\$ 2,448
United States	1,641	1,276
Europe	98	99
Total	<u>\$ 4,859</u>	<u>\$ 3,823</u>

NOTE 17. SUBSEQUENT EVENTS

The Company has evaluated its consolidated financial statements for subsequent events through September 9, 2026, the date the consolidated financial statements were issued.



Report of Independent Certified Public Accountants

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Saluda Medical, Inc.

Opinion

We have audited the consolidated financial statements of Saluda Medical, Inc. (a Delaware corporation) and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of June 30, 2026 and 2025, and the related consolidated statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders’ (deficit) equity, 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 June 30, 2026 and 2025, 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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.

Substantial doubt about the Company’s ability to continue as a going concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company incurred a net loss of \$149.6 million and had \$116.0 million cash used in operations during the year ended June 30, 2026, and has concluded that substantial doubt exists about the Company’s ability to continue as a going concern in accordance with ASC 205-40. Management’s evaluation of the events and conditions and management’s plans regarding these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 for one year after the date the consolidated financial statements are issued.

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 US 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 US 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.

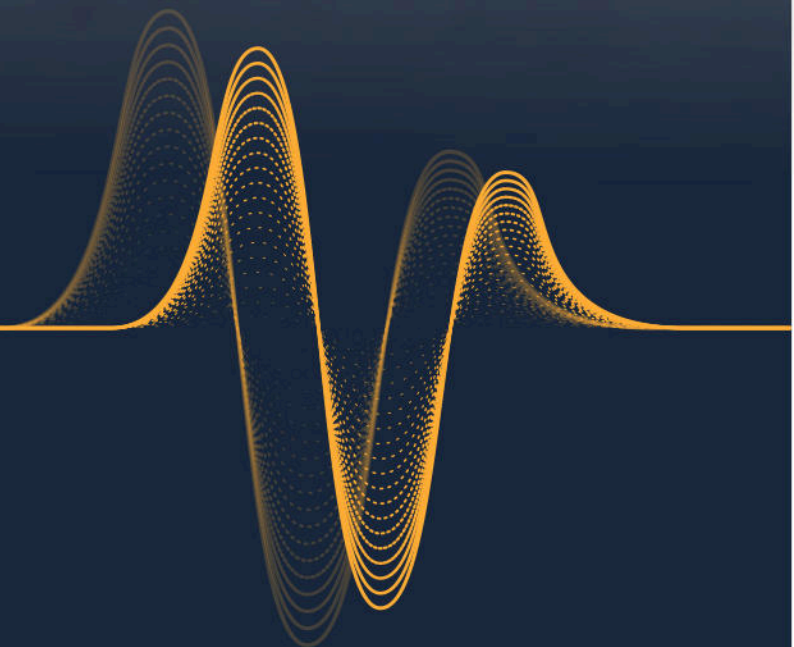
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Cincinnati, Ohio
September 9, 2026



ASX Additional Information



ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The Company has CDIs quoted on the ASX trading under the ASX code 'SLD'. Each CDI represents an interest in one-tenth of a Share.

The information below is current as of September 30, 2026. To avoid double-counting, the holdings of Shares by CHESS Depositary Nominees Pty Limited (**CDN**) (underpinning the CDIs on issue) have been disregarded in the presentation of the information below. Related but separate legal entities are not aggregated for the purpose of the table below.

SECURITIES

The Company's issued capital is as follows:

Type of security	Number	Equivalent in CDIs
Shares	25,202,381	252,023,810
Options	1,777,077	17,770,770
Warrants	351,738	3,517,380
RSUs	2,734,865	27,348,650

TWENTY LARGEST HOLDERS OF CDIS AND SHARES

Rank	Name	Number (in CDIs)	% of Issued CDIs
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,746,850	13.39%
2	REDCO II OFFSHORE SPV LLC	33,151,390	13.15%
3	TPG LSI RISE AFTERSHOCK L P	25,309,380	10.04%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,705,893	9.41%
5	GSK Equity Investments No2 Limited (formerly known as ACTION POTENTIAL VENTURE CAPITAL LIMITED)	11,561,070	4.59%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	11,209,951	4.45%
7	REDCO II ONSHORE SPV LLC	10,897,760	4.32%
8	PIPER HEARTLAND HEALTHCARE CROSSOVER FUND I LP	8,703,170	3.45%
9	BNP PARIBAS NOMINEES PTY LTD <COWEN AND CO LLC>	8,098,695	3.21%
10	CITICORP NOMINEES PTY LIMITED	6,605,336	2.62%
11	MAG AND CO FBO FIDELITY GROWTH COMPANY COMMINGLED POOL	4,420,170	1.75%
12	REDMILE PRIVATE INVESTMENTS II LP	3,780,150	1.50%
13	T ROWE PRICE HEALTH SCIENCES FUND INC	3,715,230	1.47%
14	MAG AND CO FBO FIDELITY SELECT PORTFOLIOS HEALTH CARE PORTFOLIO	3,381,680	1.34%
15	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	3,378,406	1.34%
16	GCM GROSVENOR SM SPV LLC	3,288,330	1.30%
17	POWHATAN AND CO LLC FBO FIDELITY MT VERNON STREET TRUST FIDELITY GROWTH	3,276,330	1.30%
18	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	3,210,450	1.27%
19	MAG AND CO FBO FIDELITY SELECT PORTFOLIOS MEDICAL TECHNOLOGY AND DEVICES	2,930,800	1.16%
20	DOUGLAS E GODSHALL 2013 TRUST DATED 4/10/2013	2,884,330	1.14%
Top 20 holders		207,255,371	82.24%
Remaining holders		44,768,439	17.76%
Total		252,023,810	100.00%

SUBSTANTIAL SECURITYHOLDERS

The names of substantial security holders in the Company and their respective holdings of equity securities (to the best of the Company's knowledge) are as follows:

Security Holder	Number of equity securities ¹	Voting power (%)
GSK Equity Investments No2 Limited (formerly known as Action Potential Venture Capital Limited)	12,970,309 CDIs	5.15%
Redmile Group, LLC / Entities Associated With Redmile Group, LLC	61,107,293 CDIs	24.25%
TPG LSI Rise Aftershock, L.P.	28,545,705 CDIs	11.33%
Wellington Management Company LLP / Wellington Hadley Harbor Aggregator IV	38,031,250 CDIs	15.09%
FMR LLC / Entities Associated With FMR LLC	23,321,990 CDIs	9.25%

¹ One Share is equal to ten CDIs.

VOTING RIGHTS

COMMON STOCK

At a general meeting of Saluda, every holder of Shares present in person or by proxy is entitled to one vote for each Share held on the record date for the meeting on all matters submitted to a vote of Stockholders.

Under Saluda's Bylaws, the presence at the meeting (in person, by remote communication or represented by proxy) of the holders of one-third of the Shares entitled to vote will constitute a quorum for the transaction of business. Except as otherwise provided by statute or by applicable stock exchange rules, the affirmative vote of a majority of Shares present in person, by remote communication or represented by proxy at the meeting and entitled to vote generally on the subject matter will be the act of the stockholders of the Company. Directors will be elected by a plurality of the votes of the Shares (present in person, by remote communication or represented by proxy at the meeting) and entitled to vote on the election of Directors.

CDIS

CDI Holders may attend and vote at Saluda's general meetings. Under the Listing Rules and the ASX Settlement Operating Rules, Saluda as an issuer of CDIs must allow CDI Holders to attend any meeting of the holders of Shares unless relevant U.S. law at the time of the meeting prevents CDI Holders from attending those meetings.

In order to vote at such meetings, CDI Holders may

- instruct CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI Holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to Saluda's Registry prior to the meeting; or
- convert their CDIs into a holding of Shares and vote these at the meeting (however, if thereafter the former CDI Holder wishes to sell their investment on the ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.

One of the above steps must be undertaken before CDI Holders can vote at Stockholder meetings. As each CDI represents 0.1 Shares, a CDI Holder will be entitled to 1 vote for every 10 CDIs they hold.

CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI Holders by Saluda.

Since CDN is the member of Saluda but the holders of CDIs are not members themselves as they merely hold a beneficial interest in the applicable shares, the holders of CDIs do not have any directly enforceable rights under Saluda's Certificate of Incorporation or Bylaws.

OPTIONS

There are no voting rights attached to the options.

WARRANTS

There are no voting rights attached to the warrants.

RESTRICTED STOCK UNITS

There are no voting rights attached to the restricted stock units.

DISTRIBUTION OF EQUITY SECURITY HOLDERS AND NUMBER OF HOLDERS

CDIS (ASSUMES ALL SHARES ARE HELD AS CDIS)

Range	Total holders	Number	% of Issued Capital
1 – 1,000	166	75,111	0.03%
1,001 – 5,000	318	901,085	0.36%
5,001 – 10,000	203	1,632,001	0.65%
10,001 – 100,000	341	11,165,228	4.43%
100,001 – 999,999,999	83	238,250,385	94.53%
Total	1,111	252,023,810	100.00%

There are 191 investors holding less than a marketable parcel of CDIs or Shares, based on a minimum A\$500.00 parcel at A\$0.4150 per CDI (close of trade price on September 30, 2026).

OPTIONS (NOT LISTED ON ASX)

Range	Total holders	Number	% of Options
1 – 1,000	489	103,741	5.84%
1,001 – 5,000	238	700,165	39.40%
5,001 – 10,000	47	356,874	20.08%
10,001 – 100,000	26	616,297	34.68%
100,001 – 999,999,999	-	-	-
Total	800	1,777,077	100.00%

All options were issued or acquired under either the Company's 2023 Incentive Award Plan or Employee Option Plan.

WARRANTS (NOT LISTED ON ASX)

Range	Total holders	Number	% of Warrants
1 – 1,000	7	26	0.01%
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 – 999,999,999	1	351,712	99.99%
Total	8	351,738	100.00%

Perceptive Credit Holdings IV, LP, holds more than 20% of the warrants, with a holding of 351,712 warrants being 99.99% of the warrants on issue.

RESTRICTED STOCK UNITS (NOT LISTED ON ASX)

Range	Total holders	Number	% of RSUs
1 – 1,000	-	-	-
1,001 – 5,000	1	3,329	0.12%
5,001 – 10,000	-	-	-
10,001 – 100,000	15	617,626	22.58%
100,001 – 999,999,999	9	2,113,910	77.29%
Total	25	2,734,865	100.00%

All RSUs were issued or acquired under the Company's 2023 Incentive Award Plan.

SECURITIES SUBJECT TO ESCROW

The following table sets out the number of securities subject to voluntary escrow and the applicable escrow period:

Escrow period	Escrowed Shares	Escrowed Options	Escrowed Warrants	Escrowed RSUs
Until 14 days after the date on which the Company releases its financial results for the half year ending December 31, 2026 to the ASX	15,675,778 (equivalent to 156,757,780 CDIs)		26	
24 months from listing	317,296 (equivalent to 3,172,960 CDIs)	225,416		2,483,429

RESTRICTED STOCK UNITS

The Company had 2,734,865 RSUs on issue at June 30, 2026 (all of which were granted in the 2026 financial year), with each RSU representing the right to receive one Share (or 10 CDIs). The RSUs were granted under, and are subject to the terms and conditions of, the 2023 Incentive Award Plan.

No RSUs were converted to Shares or canceled during the 2026 financial year and no service milestones were met during that period.

BELOW IS A SUMMARY OF THE KEY TERMS AND CONDITIONS OF THE RSUS.

Consideration for RSUs	Nil cost as they form part of the compensation of the recipient.
Vesting conditions	On vesting, the RSUs will be settled for Shares (one Share per RSU). There is no exercise price payable by the participant. Non-executive directors RSUs vest subject to the relevant Non-executive Director serving as a director of the Company as at the applicable vesting date. For the RSUs issued to the Non-executive Directors at IPO, one-third of the RSUs will vest on January 1, 2027, and the remaining RSUs will vest in eight substantially equal installments on each 1 March, 1 June, 1 September and 1 December thereafter, with the first such quarterly vesting date to occur on March 1, 2027. Key Managers and other employees RSUs vest based on continuous service as at the applicable vesting date. Below is a summary of the vesting conditions attaching to the RSUs issued to key managers and other employees at IPO: • Other than the RSUs granted to Messrs Regan (former CEO) and O’Sullivan (COO), the RSUs will vest as follows subject to continuous service as at the applicable vesting date: one-third of the RSUs will vest on January 1, 2027, and the remaining RSUs will vest in eight substantially equal installments on each 1 March, 1 June, 1 September and 1 December thereafter, with the first such quarterly vesting date to occur on March 1, 2027. • The RSUs granted to Messrs Regan and O’Sullivan will vest as follows: one-fourth of the RSUs will vest on January 1, 2027, and the remaining RSUs will vest in 12 substantially equal installments on each 1 March, 1 June, 1 September and 1 December thereafter, with the first such quarterly vesting date to occur on March 1, 2027. • If a Key Manager’s employment is terminated by the Company without cause or in the event he or she voluntarily resigns for good reason (each, as defined in his or her employment agreement) prior to January 1, 2027, any of the RSUs scheduled to vest on January 1, 2027 will vest on an accelerated basis upon such termination. Refer also to Sections 7.4.2, 7.4.3 and 7.4.4 of the Company’s IPO Prospectus regarding additional acceleration of vesting and exercisability for Key Managers under certain termination events and change in control events.
Other key terms and conditions	Non-executive directors All of a Non-executive Director’s RSUs (and any other equity awards granted to the Non-executive Directors under the Non-executive Director compensation program) shall vest in full upon a Non-executive Director’s termination of service by reason of death or disability, or upon a Non-executive Director’s termination of service on the Board as a result of the Company’s failure to re-nominate such Non-executive Director for election, or such Non-executive Director’s failure to be elected, in each case, as a member of the Board, and immediately prior to the occurrence of a “Change in Control” (as defined in the 2023 Plan). Unless the Board otherwise determines, and except as described above, any portion of the RSUs which is unvested at the time of a Non-executive Director’s termination of service on the Board as a Non-executive Director shall be immediately forfeited upon such termination of service and shall not thereafter become vested. Key Managers Except as described above (and in Sections 7.4.2, 7.4.3 and 7.4.4 of the IPO Prospectus), any portion of the RSUs which is unvested at the time of a Key Manager’s termination of service shall be immediately forfeited and shall not thereafter become vested.
Transferability, dividend and voting rights	RSUs are not transferable and will not be quoted on ASX or any other exchange. RSUs do not carry any voting or dividend rights prior to vesting, nor do they confer any right to participate in a new issue of securities of the Company. Shares allocated on vesting of RSUs carry the same dividend and voting rights as other Shares. RSUs also do not permit the holder to participate in a return of capital (whether in a winding up or upon a reduction of capital or otherwise), nor do they carry any entitlement to participate in any surplus assets or profits of the Company upon a winding up.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange. The Company's securities are not quoted on any other exchange.

REQUIRED STATEMENTS

The Company is incorporated in the State of Delaware in the United States of America. It is not subject to Chapters 6, 6A, 6B, and 6C of the *Corporations Act 2001* (Cth) dealing with the acquisition of shares, including provisions that relate to substantial holdings and takeovers.

Under the Delaware General Corporation Law, shares generally are freely transferable subject to restrictions imposed by U.S. federal or state securities laws, by the Company's certificate of incorporation or by-laws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and amended and restated by-laws do not impose any specific restrictions on transfer.

The CDIs issued by the Company under its initial public offering were issued in reliance on the exemption from registration contained in Regulation S of the U.S. Securities Act of 1933 (**Securities Act**) for offers that are made outside the U.S. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the U.S. As a result of relying on the Regulation S exemption, the CDIs are "restricted securities" under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the U.S. or to a U.S. person for the foreseeable future except in very limited circumstances after the expiration of a restricted period, unless the resale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a "FOR US" designation on the ASX. This designation restricts any CDIs from being sold on ASX to U.S. persons (other than qualified institutional buyers or QIBs). However, you still may freely transfer your CDIs on ASX to any person other than a U.S. person (except for QIBs). In addition, hedging transactions regarding the CDIs may only be conducted in accordance with the Securities Act.

Since the Company's listing on ASX in November 2025, it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

CORPORATE GOVERNANCE STATEMENT

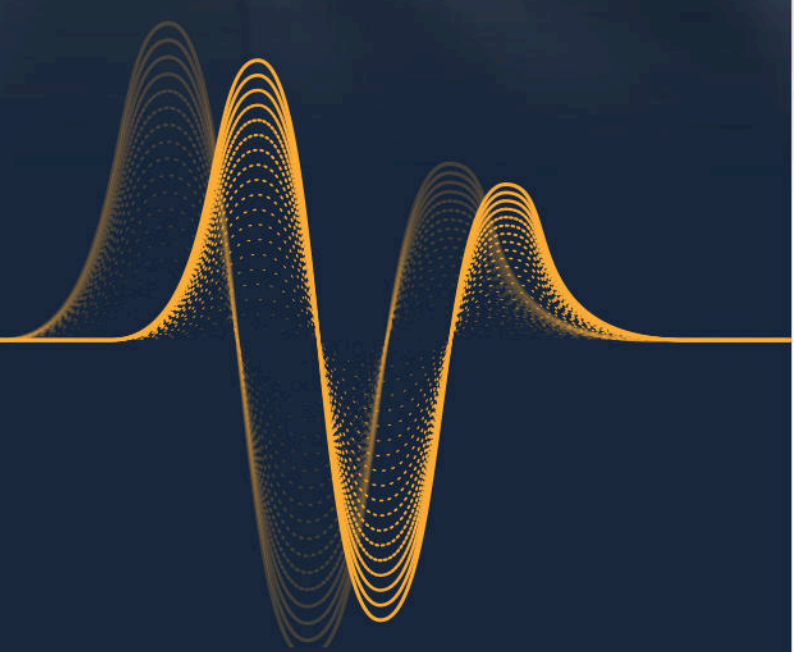
The directors have confirmed that the Company's corporate governance framework complies in most respects with the ASX's Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition)

(**Recommendations**) and that where it does not comply, it is due to the current relative size of the Company, its stage of development, the scale and nature of its operations, and the fact it was not listed on ASX for the whole of the reporting period.

The Company's Corporate Governance Statement and further details in relation to the Company's governance framework are set out in a dedicated corporate governance information section of the Company's website: <https://www.saludamedical.com/international/investor-relations/>. This section of the Company's website contains copies of all of the corporate governance policies and Board Committee charters.



Corporate Directory



Corporate Directory

Board Members

Michael Mathias, CEO & Director

Douglas Godshall, Non-executive Chair

Geoffrey Brooke, M.B.B.S, Non-executive Director

Catherine Livingstone, Non-executive Director

Robert Faulkner, Non-executive Director

Robert Palmisano, Non-executive Director

Quentin Blackford, Non-executive Director

Senior Leadership Team

Michael Mathias, CEO & Director

James Erickson, Chief Financial Officer

Kristin Caplice, Chief Legal Officer & Secretary

Aidan O'Sullivan, Chief Operations Officer

David First, Chief People Officer

Dean Karantonis, Chief Technology Officer

Company Secretary

Kristin Caplice

Local Agent and ASX representative

Local Agent: Saluda Medical Pty Ltd

ASX representative: Cameron Billingsley

U.S. Office and Headquarters

9401 James Ave. S, Suite 132

Bloomington, MN 55431

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Wilmington, DE 19808

County of New Castle

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Registered Address in Australia

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Macquarie Park, NSW 2113

Australia

Telephone number: +61 2 8405 8700

CDI Registry

Computershare Investor Services Pty Limited

GPO Box 2975

Melbourne VIC 3001

Australia

Telephone: 1300 850 505 (within Australia)

or +61 3 9415 5000 (outside Australia)

www.computershare.com

Share Registry

Computershare Trust Company, N.A.

150 Royall Street

Canton, Massachusetts 02021

United States

Telephone number: 1-800-736-3001

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United States

Annual Meeting of Stockholders

The Annual Meeting of stockholders

will be held as a virtual meeting on

Wednesday, November 18, 2026 at 11:30am

Australian Eastern Daylight Time

(Tuesday, November 17, 2026 at 6:30pm U.S. Central Time).





