SALUDA MEDICAL, INC. AND SUBSIDIARIES
APPENDIX 4E
PRELIMINARY FINAL REPORT FOR THE TWELVE MONTHS ENDED 30 JUNE 2026

1. Details of the reporting period and the previous corresponding period (pcp)

Current period:	1 July 2025 to 30 June 2026
Previous corresponding period:	1 July 2024 to 30 June 2025

2. **Results for announcement to the market**

	Results	US$ in thousands	up/down	% movement
2.1	Revenue from ordinary activities	$90,175	up	28%
2.2	Loss after tax from ordinary activities attributable to members	($149,569)	flat	-%
2.3	Net loss for the period attributable to members	($149,569)	flat	-%

2.4 Dividends

No dividends have been paid or declared, nor do the directors recommend the declaration of a dividend.

2.5 Record date for dividend entitlement

Not applicable

2.6 Commentary

Financial highlights	30 June 2025 US$	30 June 2026 US$	Change vs pcp
Revenue US$ ‘000	$70,356	$90,175	28%
Gross profit US$ ‘000	$32,756	44,083	35%
Gross margin %	46.6%	48.9%	230bps
Adjusted EBITDA	($101,416)	($113,663)	(12)%
Cash used in operations	($118,238)	($115,983)	2%

During the year ended 30 June 2026 ("FY26"), Saluda Medical, Inc. ("the Company") and its subsidiaries (together "Saluda") delivered global revenue of US$90.2 million, representing growth of 28% compared to the prior corresponding period ("pcp"). Revenue growth was driven by continued commercial execution in the United States, including expansion of the Company's active implanting physician base, increased physician utilisation, growth in implanted patients and the continued maturation of the Company's trained sales force. International revenue also increased versus the pcp, supported by continued customer demand across Europe and Australia.

Gross profit increased 35% to US$44.1 million in FY26, with gross margin improving 230 basis points to 48.9%, compared to 46.6% in the pcp. Gross margin expansion was primarily driven by lower product unit costs, favourable product and geographic mix, and operational efficiencies, partially offset by planned pricing impacts associated with increased penetration of higher-volume ambulatory surgery center accounts in the United States.

Adjusted EBITDA loss was US$113.7 million in FY26 compared to US$101.4 million in the pcp. The increase in Adjusted EBITDA loss reflects Saluda's continued investment in its commercial infrastructure, including expansion of the US sales organisation, physician education initiatives, and activities to support future growth. These investments were partially offset by higher revenue and improved gross profit generation.

Cash used in operations was US$116.0 million in FY26, an improvement of 2% compared to US$118.2 million in the pcp. The improvement was driven by revenue growth, improved gross profit contribution and disciplined working capital management, partially offset by continued investment in commercial expansion activities.

Net loss was US$149.6 million compared to US$149.3 million in the pcp. FY26 results included approximately US$7.1 million of non-cash gains associated with changes in the fair value of financial instruments prior to their conversion to equity and US$4.5 million of other operating expenses primarily related to deferred financing costs written off and restructuring activities undertaken during the year. FY25 results included approximately US$7.1 million of non-cash expense associated with changes in fair value of financial instruments. Excluding these items, Adjusted Net Loss was US$152.1 million compared to US$142.2 million in the pcp.

Reconciliation of Adjusted EBITDA	**30 June 2025 US$**	**30 June 2026 US$**
US GAAP loss from operations	($118,051)	($148,994)
Plus: other operating expenses	-	4,523
Plus: stock-based compensation	14,029	27,895
Plus: depreciation and amortization	2,606	2,913
Adjusted EBITDA	($101,416)	($113,663)

Reconciliation of Adjusted Net Loss	**30 June 2025 US$**	**30 June 2026 US$**
US GAAP net loss	($149,302)	($149,569)
Plus: other operating expenses	-	4,523
Less: change in fair value of financial instruments	7,149	(7,076)
Adjusted net loss	($142,153)	($152,122)

7. Dividend details

   No dividends or distributions have been paid or are payable

8. Dividend or distribution reinvestment plan details

   Not applicable

9. Net tangible assets / (liabilities) per share of common stock

	30 June 2025 US$	**30 June 2026 US$**
Net tangible assets / (liabilities) per share of common stock	$(324.38)	$2.17

10. Control gained or lost over entities during the period, and those having a material effect

    Not applicable

11. Investments in associates and joint ventures

    Not applicable

12. Set of accounting standards used in compiling the report:

    The unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and are denominated in US dollars

13. Audit status

This report is based on the Consolidated Financial Statements for the year ended 30 June 2026 which are in the process of being audited. The independent auditor report is likely to include an emphasis of matter in relation to going concern.

Please refer to the attached unaudited financial statements for the year ended 30 June 2026:

- Consolidated balance sheets
- Consolidated statements of operations and comprehensive loss
- Consolidated statements of redeemable convertible preferred stock and stockholders' (deficit) equity
- Consolidated statements of cash flows
- Notes to the consolidated financial statements

Saluda Medical, Inc. and Subsidiaries

Preliminary Consolidated Financial Statements
For the years ended June 30, 2025 and 2026

SALUDA MEDICAL, INC. AND SUBSIDIARIES

INDEX TO PRELIMINARY FINANCIAL STATEMENTS

SALUDA MEDICAL, INC. AND SUBSIDIARIES
PRELIMINARY 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.

SALUDA MEDICAL, INC. AND SUBSIDIARIES
PRELIMINARY 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.

SALUDA MEDICAL, INC. AND SUBSIDIARIES
PRELIMINARY CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' (DEFICIT) EQUITY
(Dollars in thousands, except share data)

	Redeemable Convertible Preferred Stock		Common Stock					
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' (Deficit) Equity
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.

SALUDA MEDICAL, INC. AND SUBSIDIARIES
PRELIMINARY 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.

SALUDA MEDICAL, INC. AND SUBSIDIARIES
PRELIMINARY 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	$ 54,500	$ 118,615

The accompanying notes are an integral part of these 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 Depository Instruments ("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	$ 70,356	$ 90,175

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 remeasurement 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	$ —

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):

Current		As of June 30, 2025		As of June 30, 2026
Raw materials	$	7,007	$	2,249
Work in progress		2,410		6,333
Finished goods		33,916		23,891
Total current inventories	$	43,333	$	32,473

Non-current		As of June 30, 2025		As of June 30, 2026
Raw materials	$	319	$	803
Work in progress		—		151
Finished goods		1,997		474
Total non-current inventories	$	2,316	$	1,428

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	$ 4,859	$ 3,823

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
		1,396,001	816,431		$ 406,990

* *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	$	(149,302)	$	(239,613)
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	$	(459.19)	$	(14.78)

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	1,373,770	4,872,415

(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	$ (148,773)	$ (148,866)

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	$ 529	$ 736
Deferred tax provision (benefit):		
Federal	$ —	$ —
State	—	—
Foreign	—	(33)
Total deferred income tax provision (benefit)	$ —	$ (33)
Total income tax provision	$ 529	$ 703

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)	Year Ended June 30, 2025 (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%
Nondeductible expenses	8,306	(5.6)%
Change in valuation allowance	32,699	(22.0)%
Other, net	42	—
Total	$ 529	(0.4)%

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)	Year Ended June 30, 2026 (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%
Nontaxable or nondeductible items		
Tax effects of share-based payment awards	2,039	(1.4)%
Other nontaxable or nondeductible 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	$ 4,859	$ 3,823

Note 17. Subsequent Events

The Company has evaluated its consolidated financial statements for subsequent events through August 28, 2026, the date the consolidated financial statements were issued.