AURORA SPINE CORPORATION

Consolidated Financial Statements

For the year ended December 31, 2025 and 2024

Presented in USD

April 29, 2026

To the Shareholders of Aurora Spine Corporation:

Opinion

We have audited the consolidated financial statements of Aurora Spine Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2025 and, as of that date, the Company has an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our report.

MNP LLP
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Revenue Recognition - Principal versus Agent Assessment Relating to Third Party Supplier Products

Key Audit Matter Description

As described in Note 3 of the consolidated financial statements, the Company derives a significant portion of its revenue from hospital and distributor sales, in which it arranges and fulfills the medical service products purchased by its customers. This process typically involves the Company purchasing goods from a vendor and arranging for their shipment directly to either a hospital or one of the distributors. In some instances, the Company holds products on consignment, assuming the risk of loss and damage. A significant degree of judgment is required in determining whether the Company controls the goods sold to its customers. This judgment influences both the presentation of revenue on a gross or net basis, as well as the timing of revenue recognition.

The crucial considerations in identifying this as a Key Audit Matter (KAM) are the substantial judgment exercised by management in assessing whether revenue should be presented on a gross or net basis, which, in turn, requires a high level of auditor judgment and subjectivity. This also led to a considerable amount of effort in performing audit procedures and evaluating the evidence to determine whether management appropriately analyzed and presented the transaction attributes.

Audit Response

Addressing this matter involved performing procedures and evaluating audit evidence to form our overall assessment on the principal versus agent accounting. These procedures included testing, on a sample basis, the revenue from third-party supplier products included under hospital and distributor sales. We also assessed management's classification of agreements by reviewing documentation related to the terms of agreements with customers, supplier terms, and evaluating the customer's perspective on the ordering and delivery process. Finally, we also assessed the presentation and adequacy of the related financial statement disclosure.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Giacomo Angelini.

MNP LLP

Burlington, Ontario	Chartered Professional Accountants
April 29, 2026	Licensed Public Accountants

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Notes to the Consolidated Financial Statements

(US dollars)

	Notes	December 31, 2025	December 31, 2024
		$	$
Assets			
Current			
Cash and cash equivalents	6	**896,713**	825,621
Accounts receivable, net	4	**3,310,537**	3,168,409
Prepaid and other current assets	9	**350,497**	276,084
Inventory	7	**3,243,257**	3,613,557
Total current assets		**7,801,004**	7,883,671
Non-current assets			
Note receivable	8	**234,230**	323,653
Intangible assets	10	**653,618**	801,625
Property, plant and equipment	11	**1,718,141**	2,047,989
Total non-current		**2,605,989**	3,173,267
Total Assets		**10,406,993**	11,056,938
Liabilities and shareholder's equity			
Current liabilities			
Accounts payable and accrued liabilities	13	**3,054,399**	2,988,426
Lease liability	12	**293,898**	279,359
Total current liabilities		**3,348,297**	3,267,785
Non-current liabilities			
Lease liability	12	**396,482**	686,392
Due to related parties	15	**2,849,500**	2,705,500
Total non-current liabilities		**3,245,982**	3,391,892
Total liabilities		**6,594,279**	6,659,677
Shareholder's equity			
Common shares	14	**27,754,550**	27,657,591
Warrants	14	**430,649**	430,649
Share-based compensation reserve	14	**3,136,525**	3,086,911
Deficit		**(27,509,010)**	(26,777,890)
Total shareholders' equity		**3,812,714**	4,397,261
Total liabilities and shareholders' equity		**10,406,993**	11,056,938

Commitments	16
Reclassification	20
Subsequent events	21

These consolidated financial statements were approved by the Board of Directors on April 29, 2026.

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

/s/ Trent Northcutt
Director

/s/ David Rosenkrantz
Director

(US dollars)

	Notes	**December 31, 2025**	December 31, 2024
		$	$
Revenue from sale of goods	3	**18,269,093**	17,470,152
Revenue from commissions	3	**98,935**	92,630
Revenue		**18,368,028**	17,562,782
Cost of Sales	7	**7,168,567**	6,928,621
Gross profit		**11,199,461**	10,634,161
Operating Expenses			
Executive compensation	15	**573,776**	624,843
Salaries		**5,038,735**	4,386,710
Consulting fees		**560,000**	652,341
General and administrative	17	**1,950,067**	2,329,690
Research and development		**624,256**	731,282
Marketing		**1,008,645**	812,398
Share-based compensation	14	**79,641**	102,547
Insurance		**744,459**	660,904
Depreciation and amortization	10,11	**1,070,747**	1,007,427
Interest	8, 12, 15	**168,264**	175,085
Total operating expenses		**11,818,590**	11,483,227
Loss on remeasurement of note receivable	8	**(111,991)**	(153,543)
Net loss and comprehensive loss		**(731,120)**	(1,002,609)
Basic and diluted loss per share	18	**(0.01)**	(0.01)

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

(US dollars)

	Notes	Common Shares Share Number	Common Shares Amount	Warrants	Share-based compensation	Deficit	Total
			$	$	$	$	$
Balance at January 1, 2024		77,592,449	27,657,591	2,037,090	1,377,923	(25,775,281)	5,297,323
Warrants expired	14	—	—	(1,606,441)	1,606,441	—	—
Share based compensation	14, 15	—	—	—	102,547	—	102,547
Total comprehensive loss		—	—	—	—	(1,002,609)	(1,002,609)
Balance, December 31, 2024		77,592,449	27,657,591	430,649	3,086,911	(26,777,890)	4,397,261
Balance, January 1,2025		**77,592,449**	**27,657,591**	**430,649**	**3,086,911**	**(26,777,890)**	**4,397,261**
Share based compensation	14	—	—	—	79,641	—	79,641
Stock options exercised	14	499,750	96,959	—	(30,027)	—	66,932
Total comprehensive loss		—	—	—	—	(731,120)	(731,120)
Balance, December 31, 2025		**78,092,199**	**27,754,550**	**430,649**	**3,136,525**	**(27,509,010)**	**3,812,714**

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

AURORA SPINE CORPORATION
Consolidated Statements of Cash Flows
Years ended December 31, 2025 and 2024
(US dollars)

	Notes	**December 31, 2025**	December 31, 2024
		$	$
OPERATING ACTIVITIES			
Net Loss		**(731,120)**	(1,002,609)
Adjustments for non-cash items:			
Depreciation and amortization	10,11	**703,463**	658,097
Depreciation of right of use asset	11	**367,284**	349,329
Remeasurement of note receivable	8	**111,991**	153,543
Share-based compensation	14	**79,641**	102,547
Interest on lease liability	12	**44,944**	52,158
Non-cash loan interest expense	15	**144,000**	144,000
Non-cash interest income	8	**(22,568)**	(22,568)
Changes in working capital components:			
Accounts receivable		**(142,128)**	183,581
Prepaid expenses and other assets		**(74,413)**	(71,911)
Inventory	7	**370,300**	(51,208)
Accounts payable		**65,971**	562,914
Cash flow from operating activities		**917,365**	1,057,873
INVESTING ACTIVITIES			
Additions to property and equipment	11	**(504,614)**	(408,526)
Additions to intangibles	10	**(38,996)**	(229,335)
Cash flows used in investing activities		**(543,610)**	(637,861)
FINANCING ACTIVITIES			
Stock option exercised	14	**66,932**	—
Paid on lease liability	12	**(369,595)**	(361,222)
Cash flows used in financing activities		**(302,663)**	(361,222)
Increase (decrease) in cash and cash equivalents		**71,092**	58,792
Cash and cash equivalents, beginning of year		**825,621**	766,829
Cash and cash equivalents, end of year		**896,713**	825,621
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Taxes		**$ —**	$ —
Cash paid for interest on lease obligations		**$ 44,944**	$ 52,158

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

1. CORPORATE INFORMATION

The consolidated financial statements of Aurora Spine Corporation and its subsidiaries (collectively the "Company") for the year ended December 31, 2025, were authorized for issue in accordance with a resolution of the directors on April 29, 2026. Aurora Spine Corporation was incorporated under the laws of the Province of Ontario and shares trade on the TSX Venture Exchange (the "TSX-V") having the symbol ASG. The Company also trades on the OTCQB, having the symbol ASAPF. The address of the Company's registered head office is 20 Holly Street, Suite 300, Toronto, Ontario, M4S 3B1.

The Company is principally engaged in the development, manufacture, and selling of minimally invasive, interspinous fusion systems and devices. These 510K and patent protected medical devices improve patient outcomes in spine and sacroiliac joint surgical procedures. Information regarding the Company's structure is provided in Note 2. Information regarding related party transactions during the current and prior period is provided in Note 15.

2. BASIS OF PREPARATION

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company prepared the financial statements on the basis that it will continue to operate as a going concern.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2025, the Company had an accumulated deficit of $27,509,010 (2024 – $26,777,890), and for the year ended December 31, 2025 incurred a net loss after taxes of $731,120 (2024 - $1,002,609), and operating cash flow of $917,365 (2024 - $1,057,873). In addition, the Company is subject to an ongoing dispute with a supplier as described in Note 16, for which the outcome is uncertain. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These condensed consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

Basis of measurement and reporting

The parent Company has a functional currency of Canadian dollars (CAD). The subsidiary has a functional currency of United States dollars (USD). These consolidated financial statements are prepared using the historical cost method and are presented in USD.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company, and its United States wholly owned subsidiary Aurora Spine, Inc. This subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern, directly or indirectly, the financial and operating policies of an entity. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. The subsidiary is consolidated from the date that control is obtained by the Company and are deconsolidated from the date when control ceases. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated at consolidation.

Name of Subsidiary	Place of Incorporation	Ownership Interest
Aurora Spine Inc.	USA	100%

2. BASIS OF PREPARATION (continued)

Use of estimates and judgement

The preparation of these consolidated financial statements in conformity with IFRS, require management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments, apart from those involving estimates that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements. Significant assumptions about the future, and other sources of estimates or uncertainty that management has made at the date of the consolidated financial statements, could result in a material adjustment to the carrying amounts of assets or liabilities. In addition, the note receivable is recorded at fair value through profit and loss, which requires judgement and estimation in assessing the valuation.

In the event that actual results differ from the assumptions made, relate to, but not limited to the following:

(a) Estimated useful lives, impairment considerations and amortization of property and equipment and intangible assets

Amortization of property, plant and equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The recoverable amount is subject to management estimates and determining if impairment exists is subject to judgement.

Quarterly, management evaluates each intangible asset to determine if there are indicators of impairment. If indicators exist then we assess the recoverable amount and if that amount is below carrying value, we record the impairment. If there is little prospect of future value associated with the asset, the asset is written off or written down to the estimated amount recoverable value unless there is persuasive evidence that an impairment allowance is not required.

(b) Contingencies

Contingencies are accrued on an undiscounted basis when it is probable that a liability related to past events exists and the liability can be reasonably estimated. In determining whether a liability exists, the Company is required to make judgments as to the probability of future events that may occur and estimate loses if any.

(c) Going concern

As discussed above, these consolidated financial statements are prepared on a going concern basis in accordance with IFRS, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment in determining assumptions for cash flow projections, such as future cashflows associated with operating, financing and investing activities. As it relates to financing activities the Company only includes those cashflows that are committed up to the financial statement issuance date.

(d) Share based payments and warrants

The fair value of each option granted is estimated at the grant date using the Black-Scholes option pricing model. The key assumptions are forfeiture rate, interest rate, dividend yield and expected volatility which is used to calculate the fair value of the instruments on the grant date.

2. BASIS OF PREPARATION (continued)

(e) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(f) Inventory

Management estimates the value of inventory based upon its assessment of the net realizable value less selling costs. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices. All expired inventory and adjustments for slow moving and excess inventory is subject to estimates and has been recognized and recorded in cost of goods sold.

(g) Provision for expected credit losses (ECLs) of accounts receivable and contract assets

The Company uses a provision matrix to calculate ECLs for accounts receivable and contract assets. The provision rates are based on days past due for groupings of various customer aging buckets.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the health sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's accounts receivable is disclosed in Note 4.

(h) Leases

The application of IFRS 16 "Leases" requires significant judgements and certain key estimations to be made. Critical judgements required in the application of IFRS 16 include the following: (i) identifying whether a contract includes a lease; (ii) determining whether it is reasonably certain that an extension or termination option will be exercised; (iii) determining whether variable payments are in-substance fixes; (iv) establishing whether there are multiple leases in an arrangement; and (v) determining the stand-alone selling price of lease and non-lease components. Key sources of estimation uncertainty in the application of IFRS 16 include the following: (i) estimating the lease term; (ii) determining the appropriate rate to discount lease payments; and (iii) assessing whether a right-of-use (ROU) asset is impaired.

Expressed in United States Dollars (USD)

2. BASIS OF PREPARATION (continued)

(i) Revenue- Principal Versus Agent

For hospitals sales, the Company's role in each transaction is to arrange and fulfil the medical service products being purchased by the customer. The Company completes this by purchasing the goods from a vendor and having them shipped to the hospitals or in some cases the Company holds products on consignment and bears the risk of loss and damage. Judgement is involved in whether the Company controls the goods sold to its customers. The Company assesses that it does have control over the goods because the Company sets the selling price of the goods and selects the vendor to source the goods for delivery to the customer. Accordingly, the Company has concluded that it acts as the principal in the transaction and as a result, the Company reports revenue from hospitals on a gross basis, reflecting the sale price from the customer as revenue and a corresponding cost of hospital sales for the purchase of the goods from the vendor.

3. MATERIAL ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Cash and cash equivalents

Cash and cash equivalents include demand deposits held with banks with original maturities of less than 90 days. Cash equivalents are carried at fair value. The Company only has cash held at US-based federally insured banks as at December 31, 2025, and December 31, 2024.

(b) Inventories

Inventories are initially recognized at cost and subsequently stated at the lower of cost and net realizable value. The Company's inventory primarily consists of implants and consumables (devices consumed in surgery). Costs of each type of inventory is determined using the weighted average method and includes amounts incurred to acquire, sterilize and prepare the products for sale. The Company manufactures certain implants and instruments internally, and outsources some of its manufacturing operations.

Net realizable value is estimated selling price less applicable selling expenses. If carrying value exceeds net realizable amount, an adjustment is recognized. The adjustment may be reversed in a subsequent period if the circumstance that caused it no longer exists. When inventories are sold, the carrying amounts of inventories are recognized as an expense in the period that the related revenue is recognized.

The Company holds some third-party inventory on consignment which is sold to customers. The consignment inventory is not included in the Company's inventory as the third-party retains title to the inventory. The Company records inventory on the statement of financial positions when legal ownership is transferred.

(c) Property and equipment

Property and equipment are recorded at cost and are depreciated over the estimated useful lives of the assets. The Company reviews the estimated useful lives, residual values and depreciation method at each year end, accounting for the effect of any changes in estimate on a prospective basis.

Depreciation is recognized in the statements of comprehensive loss on the following basis:

Asset	Basis	Rate
Trays and instrument sets	Declining balance	40%
Computer equipment	Declining balance	30%
Furniture and fixtures	Declining balance	21%
Automobiles	Straight line – 5 years	20%
Leasehold improvements	Lesser of lease term or 5-year straight line	
Tools and Equipment	Straight line – 5 years	20%
ROU - Leases	Shorter of useful life or term of lease (1-5 years)	
ROU - Buildings	Shorter of useful life or term of lease (1-6 years)	

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Intangible assets, research and development costs

The Company capitalizes the cost of intangible assets in accordance with IAS 38 – Intangible Assets. Management identifies acquired or created intangible assets if it determines that a future economic value exists, and the costs are reliably measurable. These costs may include the acquisition of intellectual property and licenses, preparing the products to enter medical testing, and government approval. The cost of these assets is amortized over the useful life of the product once ready for use. Intellectual property and patents are amortized over 20 years and license agreements are amortized over 5 years, unless the economic life is shorter.

Annually, management assesses and estimates impairment and each asset remaining useful life. As at December 31, 2025, and 2024, management's assessment of impairment is based on the following judgements:

i) Intellectual rights are not expected to expire in the near term.

ii) The Company is continuing with further development and sales related to the assets.

Research costs are expensed as incurred. Expenditures on development activities are capitalized only if the product or process is technically and commercially feasible, development costs can be measured reliably, future economic benefits are probable, the Company intends to use or sell the asset, and the Company intends and has enough resources to complete development.

(e) Impairment of property and equipment and intangible assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. When it is not possible to estimate a specific asset's recoverable amount, management estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Company has three cash-generating units: commissions, distributor sales for resale, and sales to hospitals and ambulatory surgery centers (ASCs). Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to specific cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If an asset or cash-generating unit's recoverable amount is estimated to be less than its' carrying amount, the carrying amount is reduced to its recoverable amount, recognizing an impairment loss immediately in the statements of comprehensive loss. Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been determined if no impairment loss had been recognized in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss.

(f) Leases

The Company has six leases which fall within the scope of IFRS 16. Additional information regarding the lease is in Note 12 – Leases. The Company has recognized a right-of-use asset ("ROU") representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments. The lease liability is initially measured at the present value of the lease payments outstanding at the date of transition, discounted using the Company's incremental borrowing rate which was determined to be between 8.82% to 10.2%. The right-of use asset is presented in 'Property and equipment' and the current and long-term portions of the lease liability are separately presented in the Statement of Financial Position.

The Company has also elected to not recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and for leases of low-value assets, which were determined to be $5,000 or less in annual payments. The Company will also account for leases for which the lease term ends within 12 months as short-term leases.

Expressed in United States Dollars (USD)

3. MATERIAL ACCOUNTING POLICIES (continued)

(g) Revenue

The Company derives its revenues primarily from the sale of spinal surgery implants, consumable products used in spinal surgeries and service revenue for referring products to its customers. Revenue from the sale of products and services are recognized when the significant risks and rewards of ownership have been transferred to the customer, the sales price and costs can be measured reliably, and it is probable that the economic benefits will flow to the Company. These criteria are generally met at the time the product is delivered to the customer, title and risk have passed to the customer and acceptance of the product has been obtained.

To determine whether to recognize revenue, the Company follows a 5-step process:
Step 1: Identify the contract(s) with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

Revenue is recognized when the Company satisfies performance obligations by transferring the promised goods to the customer or when the product has been used in surgery.

The following table sets forth the disaggregation of the Company's revenue:

	2025	2024
Commissions	**$ 98,935**	$ 92,630
Distributors	**348,433**	929,508
Hospitals and Ambulatory Surgery Centers (ASCs)	**17,920,660**	16,540,644
Total	**$ 18,368,028**	$ 17,562,782

For sales to hospitals and ASCs, the Company generally satisfies its performance obligation and transfers control to the customer when the medical device is implanted in the patient. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

For sales to Distributors, the Company generally satisfies its performance obligation and transfers control to the customer when the medical devices are shipped to the distributor. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

Commission sales are generally for the use of third-party biologics during surgery in conjunction with the Company's medical devices. The third-party bills the hospital and remits a commission to the Company. The Company records net revenue as an agent on the basis that the Company does not bear inventory or credit risk.

Included in revenue arising from sales of $18,368,028 (2024 - $17,562,782) are revenues of $4,230,655 (2024 - $3,830,740) which arose from sales to three of the Company's largest customers. One customer represented 11% of sales for the year ended December 31, 2025 (2024 – below 10%).

(h) Cost of goods sold

Cost of goods sold includes the cost of sold manufactured finished goods inventory and the related packaging, distribution and transportation costs. Additionally, inventory adjustments related to excess, expired or obsolete inventory are expensed to cost of goods sold.

(i) Provisions

The Company recognizes a provision when it has a present obligation (legal or constructive) as a result of a past event, it is probable that it will be required to settle the obligation, and it can make a reliable estimate of the amount of the obligation. The amount it recognizes as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Share-based payments

When equity-settled stock options are awarded to employees, the fair value of the stock options at the date of grant is charged to the statements of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

When the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after modification, is also charged to the statement of comprehensive loss over the remaining vesting period. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument at the grant date. The grant date fair value is recognized in the statements of comprehensive loss over the vesting period, described as the period during which all the vesting conditions have been met.

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statements of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of exercise restrictions, and behavioral considerations. Equity settled share-based payments are reflected in share-based compensation reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based compensation reserve is credited to shareholders' capital, adjusted for any considerations. Any adjustment to cumulative share-based compensation resulting from a revision, such as changes in vesting expectations due to forfeitures or cancelations, is recognized in the current period.

(k) Loss per share

Loss per share is computed by dividing net loss by the weighted average number of shares outstanding during the period. The computation of diluted loss assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. In years when the Company reports a comprehensive loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted loss per share are the same.

(l) Foreign currency translation

The Company's functional currency is CAD. The Company's subsidiary functional currency is USD. The presentation currency is USD. Monetary assets and liabilities denominated in a foreign currency are translated to USD at exchange rates in effect at the end of the reporting period and non-monetary assets are transferred at rates of exchange in effect when the assets were acquired, or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in the statements of comprehensive loss.

(m) Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

3. MATERIAL ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.
Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of accounts receivable.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss comprised of cash and cash equivalents and notes receivable.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company’s claim to cash flows, and any features that modify consideration for the time value of money.

3. MATERIAL ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statements of comprehensive loss as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

The financial instruments of the Company are classified as follows:

	IFRS 9	
	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value
Notes receivable	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

3. MATERIAL ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

Financial liabilities(continued)

Derecognition of financial liabilities (continued)

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that include the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at Fair Value Through Profit or Loss ("FVTPL") are measured at fair value at the date of the statement of financial position with any gain or loss recognized immediately in net income. Interest and dividends earned from these assets are also included in net income for the period. Cash and cash equivalents are classified as financial assets at FVTPL and is a Level 1. The Note receivable is classified as financial assts at FVTPL and is Level 2 (see Note 8).

(n) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss or in equity depending on the item to which the adjustment relates. Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that enough taxable earnings will be available to allow all or part of the asset to be recovered.

4. FINANCIAL RISK MANAGEMENT

The Company manages risk through established policies that provide management control to mitigate risk over operations. These policies provide for risk identification and assessment, and that appropriate and effective procedures are in place to mitigate risk. Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. For the purposes of this disclosure, market risk is segregated into three categories: other market risk, interest rate risk and currency risk. Other risks associated with financial instruments include credit risk, concentration and liquidity risk.

Expressed in United States Dollars (USD)

4. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period.

[i] Cash

The Company minimizes its exposure to credit risk by keeping all of its cash as cash on deposit in a FDIC (Federal Deposit Insurance Corporation) US-based bank. Management assesses the credit risk as negligible.

[ii] Accounts receivable

The exposure to credit risk for the Company's accounts receivable is minimized as the Company does not have significant concentration of accounts receivable in an individual customer; the Company deals with reputable distributors and hospitals; and its customer base is established and continuously monitored. Management consistently assesses customers for counter party risks.

	Accounts Receivable	
Description	**2025**	2024
Current	**$ 2,252,919**	$ 1,716,221
Past due 1-30 days	**513,963**	613,474
Past due 31-60 days	**264,646**	385,226
Over 60 days	**342,046**	493,486
Accounts receivable balance and maximum credit risk	**$ 3,373,574**	$ 3,208,407
Expected credit loss	**(63,037)**	(67,562)
Other receivables	—	27,564
Net receivables, net of expected credit loss	**$ 3,310,537**	$ 3,168,409

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all accounts receivable and contract assets. The loss allowance provision is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate at each aging category of receivables.

December 31, 2025	Current	Aged 1-30 days past due	Aged 31-60 days past due	Aged > 60 days past due	Total
Expected collection rate	99.8%	99.0%	98.0%	86.3%	98.1%
Gross carrying amount	$ 2,252,919	$ 513,963	$ 264,646	$ 342,046	$ 3,373,574
Expected credit loss, end of the year	$ 5,632	$ 5,140	$ 5,293	$ 46,972	$ 63,037

December 31, 2024	Current	Aged 1-30 days	Aged 31-60 days past due	Aged > 60 days past due	Total
Expected collection rate	99.8%	99.0%	98.0%	90.0%	97.9%
Gross carrying amount	$ 1,716,221	$ 613,474	$ 385,226	$ 493,486	$ 3,208,407
Expected credit loss, end of the year	$ 4,196	$ 6,135	$ 7,705	$ 49,526	$ 67,562

Individual receivables which are known to be uncollectible are expensed by reducing the carrying amount to zero. Other receivables are assessed collectively to determine whether there is objective evidence that impairment has been incurred, but not yet identified. The Company maintains an expected credit loss that represents an estimate of the uncollectible amounts based on historical experience. The loss allowance provision is reduced by collections of receivables after the reporting date.

4. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

[ii] Accounts receivable (continued)

Expected credit loss at December 31, 2023	$143,714
Write-off of bad debt during the year	(114,486)
Expense during the year	38,334
Expected credit loss at December 31, 2024	67,562
Write-off of bad debt during the year	(194,792)
Expense during the year	190,267
Expected credit loss at December 31, 2025	**$63,037**

The Company considers there to be an impairment of the receivables if any of the following indicators are present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganization; and/or
- default or delinquency in payments

Foreign currency risk

The prices paid by the Company's subsidiary for services and supplies are paid in US dollars. The Company raised funds in Canadian dollars, which have been converted to US dollars. All financial instruments are denominated in US dollars. The Company has foreign currency risk as it raises money in Canadian dollars and converts to US dollars. Currency risk as at December 31, 2025 and 2024 is not deemed to be a risk to be hedged at the present time.

Interest rate risk

Interest rate risk arises because of changes in market interest rates. The Company has a related party loan and leases that are interest bearing. The Company has no third-party borrowings bearing interest and considers itself to have minimal exposure to cashflow interest rate risk.

Liquidity risk

Liquidity risk includes the risk that the Company will not be able to meet operational liquidity requirements to conduct its business.

The Company's operating cash requirements include general, administrative and amounts necessary to obtain inventory and regulatory approval expenses to commercialize its products. The Company's objective is to maintain enough liquid resources to meet operational requirements and product line expansion.

The Company's current assets exceed current liabilities by $4,452,707 (December 31, 2024 - $4,615,886). The Company's continuing operations are dependent upon its ability to generate cash flow from operations and secure additional equity capital, none of which are assured. There can be no assurances that the Company's activities will be successful or that sufficient funds can be raised in a timely manner.

Liability	Terms	2025	2024
Accounts payables	Due within one year	$ 3,054,398	$ 3,604,874
Leases	Due within one year	355,105	366,093
Leases	Due within two years	220,104	350,833
Leases	Due within three years	181,301	220,104
Leases	Due within four years	44,192	181,301
Leases	Due within five years	—	44,182

Expressed in United States Dollars (USD)

4. FINANCIAL RISK MANAGEMENT (continued)

Capital management

The Company's objective when managing capital, defined as its debt and equity, is to safeguard the entity's ability to continue as a going concern so that it can provide returns for shareholders. The Company is not subject to any externally imposed capital requirements. Management's objective is to ensure adequate working capital to fund operations and commercialize and distribute products. If necessary, it will use the sale of equity or asset-based borrowing to fund business operations to meet objectives. The Company's management considers its capital to be the aggregate of shareholders' equity, comprising share capital, warrants, share-based remuneration reserve and deficit, which at December 31, 2025 and 2024 was $3,812,714 and $4,397,261, respectively.

5. ASSET PURCHASE

On March 22, 2024, the Company acquired the assets of Expleo, an unlisted company based in Carlsbad, California that specializes in the manufacture of medical equipment and implants. The acquisition allows the Company to expand instrument and implant manufacturing and allows for fast prototyping of new products. The Company purchased intangible assets in the amount of $185,000 and tools and equipment of $22,000.

6. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash held in banks	**$ 896,713**	$ 825,621

Cash is held at a US-based federally insured bank. $50,000 in cash is restricted and held by the bank as collateral for credit card purchases. The cash held at banks may earn interest at floating rates based on daily bank deposits. There was $1,849 in interest earned during 2025 (2024 - $2,038).

7. INVENTORY

The Company categorizes inventory as follows:

As at	**December 31, 2025**	December 31, 2024
Finished Goods	**$2,892,702**	$3,352,653
Raw materials	**39,682**	16,355
Work in Process	**310,873**	244,549
Total	**$3,243,257**	$3,613,557

Inventory is expensed to cost of goods sold upon the sale of the product or service. Write downs are the result of inventory not expected to be sold, not suitable for re-sterilization, scrap or obsolete. During the year 2025, the Company increased the inventory provision to $381,105 from $318,128 at year end 2024. Adjustments are expensed to cost of goods sold.

Cost of sales consists of the following:

For the year ended	**December 31, 2025**	December 31, 2024
Inventory	**$1,615,063**	$1,663,571
Shipping	**503,110**	429,502
Royalties	**677,727**	895,819
Commission to Distributors	**4,372,667**	3,939,729
Total	**$7,168,567**	$6,928,621

Expressed in United States Dollars (USD)

8. NOTE RECEIVABLE

Balance at December 31, 2023	454,628
Interest	22,568
Fair value remeasurement	(153,543)
Balance at December 31, 2024	$323,653
Interest	22,568
Fair value remeasurement	(111,991)
Balance at December 31, 2025	**$234,230**

The Note was issued on November 8, 2023 with a 5% annual interest rate and a maturity date of November 8, 2027. It is secured by 1,750,000 shares of the Company and was used by a third party to exercise warrants to obtain 1,750,000 shares of the Company. The Note can be settled through cash or the return of the shares regardless of the value of the shares and is measured at fair value through profit and loss. Management assessed the fair value of the Note at December 31, 2025 using the Black-Scholes valuation model for the 1,750,000 shares. The fair value of the Note using the Black-Scholes valuation model is based on the following assumptions:

	December 31, 2025
Risk-free interest rate	2.90%
Expected volatility	79%
Expected life	2 years
Expected dividend yield	Nil
Share price at date of issuance of note (Cdn $)	$0.35
Share price at December 31, 2025 (Cdn $)	$0.27
Fair value (Cdn $)	$0.245
Forfeiture rate	Nil

9. PREPAID AND OTHER CURRENT ASSETS

	December 31, 2025	December 31, 2024
Prepaid Insurance	**$133,648**	$121,394
Prepaid Interest	**1,792**	1,713
Prepaid Taxes	**9,713**	14,479
Other Prepaid	**150,894**	81,638
Deposit Rent	**10,000**	10,000
Deposit Supplier	**44,450**	46,860
	$350,497	$276,084

Expressed in United States Dollars (USD)

10. INTANGIBLE ASSETS

The following comprises intangible assets:

	Intellectual Property	Patents	Licences	Total
Cost				
As at December 31, 2023	$ 228,093	$210,933	$603,896	$1,042,922
Additions	44,335	—	185,000	229,335
As at December 31, 2024	272,428	210,933	788,896	1,272,257
Additions	38,996	—	—	38,996
As at December 31, 2025	**$311,424**	**$210,933**	**$788,896**	**$1,311,253**
Accumulated Amortization				
As at December 31, 2023	$61,379	$117,649	$110,714	$289,742
Amortization	39,755	6,481	134,654	180,890
As at December 31, 2024	101,134	124,129	245,368	470,632
Amortization	41,243	6,481	139,279	187,003
As at December 31, 2025	**$142,377**	**$130,611**	**$384,647**	**$ 657,635**
Net Book Value				
As at December 31, 2023	$166,714	$93,284	$493,182	$753,180
As at December 31, 2024	$171,294	$86,804	$543,527	$ 801,625
As at December 31, 2025	**$169,047**	**$80,322**	**$404,249**	**$ 653,618**

As at December 31, 2025 and 2024 there were no indicators of impairment. The Company changed the useful life for a cervical 510(k) to accelerate amortization in 2024 and 2025. The Company recorded an additional $28,350 in amortization in 2025 (additional $28,350 in 2024) related to this 510(k).

During the year ended December 31, 2025, the Company recorded an intangible for a 510(k) clearance from the FDA issued based on the AERO product and the DEXA-SD product. During the year ended December 31, 2024, the Company recorded an intangible for a 510(k) clearance from the FDA issued based on the AERO product and intangibles related to the asset purchase of Expleo LLC.

Expressed in United States Dollars (USD)

11. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2025 is comprised of the following:

	Trays and Instruments	Tools and Equipment	Computer Equipment	Furniture and Fixtures	Auto	ROU – Asset Building	Total
Cost							
Balance at December 31, 2024	$6,721,545	$44,624	$44,412	$56,130	$23,157	$1,683,874	$8,573,742
Additions	497,446	—	2,118	5,050	—	49,282	553,896
Disposals	—	—	—	—	—	(75,879)	(75,879)
Balance at December 31, 2025	**$7,218,991**	**$44,624**	**$46,530**	**$61,180**	**$23,157**	**$1,657,277**	**$9,051,759**
Accumulated Depreciation							
Balance at December 31, 2024	$5,720,261	$5,939	$19,834	$56,130	$23,157	$700,432	$6,525,753
Depreciation for the period	500,004	8,925	7,532	—	—	367,284	883,744
Disposals	—	—	—	—	—	(75,879)	(75,879)
Balance at December 31, 2025	**$6,220,265**	**$14,864**	**$27,365**	**$56,130**	**$23,157**	**$991,837**	**$7,333,618**
Net book value:							
December 31, 2025	**$998,726**	**$29,760**	**$19,165**	**$5,050**	**—**	**$665,440**	**$1,718,141**

Property and equipment at December 31, 2024 is comprised of the following:

	Trays and Instruments	Tools and Equipment	Computer Equipment	Furniture and Fixtures	Auto	ROU – Asset Building	Total
Cost							
Balance at December 31, 2023	$6,362,171	$ —	$39,883	$56,130	$23,157	$1,625,226	$8,106,567
Additions	359,374	44,624	4,529	—	—	190,521	599,048
Disposals	—	—	—	—	—	(131,873)	(131,873)
Balance at December 31, 2024	**$6,721,545**	**$44,624**	**$44,412**	**$56,130**	**$23,157**	**$1,683,874**	**$8,573,742**
Accumulated Depreciation							
Balance at December 31, 2023	$5,259,474	$ —	$9,353	$56,130	$23,157	$482,975	$5,831,089
Depreciation for the period	460,787	5,939	10,481	—	—	349,330	826,537
Disposals	—	—	—	—	—	(131,873)	(131,873)
Balance at December 31, 2024	**$5,720,261**	**$5,939**	**$19,834**	**$56,130**	**$23,157**	**$700,432**	**$6,525,753**
Net book value:							
December 31, 2024	**$1,001,284**	**$38,685**	**$24,579**	**$ —**	**$ —**	**$983,442**	**$2,047,989**

Expressed in United States Dollars (USD)

12. LEASE LIABILITIES

At December 31, 2025, the liability related to the right of use assets is $690,380 (2024- $965,751) of which $396,482 (2024- $686,392) is non-current and $293,898 (2024- $279,359) is current. During the year, the Company entered into three new leases with terms between 12 and 36 months to replace expiring leases.

The lease liability is secured by the related underlying asset. Future minimum lease payments as at December 31, 2025 are as follows:

December 31, 2025	Within 1 year	1-2 years	2-3 years	3-4 years	Total
Lease payments	$ 325,147	$ 202,770	$ 173,475	$ 43,771	$ 745,163
Finance charges	29,959	17,334	7,827	421	55,541
	$ 355,106	$ 220,104	$ 181,302	$ 44,192	$ 800,704

As of December 31, 2025 the Company's lease liabilities consisted of the following:

	Amount
Balance December 31, 2023	$ 1,084,294
Additions	190,521
Interest	52,158
Payments	(361,222)
Balance December 31, 2024	$ 965,751
Additions	49,282
Interest	44,944
Payments	(369,597)
Balance December 31, 2025	**$ 690,380**

13. ACCOUNTS PAYABLE

As at	**December 31, 2025**	December 31, 2024
Accounts payables	**$1,715,267**	$1,763,791
Accrued liabilities	**1,253,758**	1,837,062
Other current liabilities	**85,374**	4,022
Total	**$3,054,399**	$3,604,875

14. SHAREHOLDERS' EQUITY

(a) Share capital

The authorized share capital of the Company consists of an unlimited number of voting common shares, an unlimited number of restricted voting common shares, and an unlimited number of preferred shares issuable in series. Each voting common share carries the right to one vote. Restricted voting common shares outstanding each carries the same voting right as the voting common shares, except does not carry the right to vote in respect of the election of directors of the Company. There are no preferred shares issued and outstanding.

The continuity of share capital is as follows:

	Common Shares	
	#	$
December 31, 2023 and December 31, 2024	77,592,449	27,657,591
Stock options exercised (i)(ii)(iii)	499,750	96,959
December 31, 2025	**78,092,199**	**27,754,550**

Expressed in United States Dollars (USD)

14. SHAREHOLDERS' EQUITY (continued)

(i) 462,500 stock options were exercised by the board members for CDN$0.20 (USD$0.14) per share for a total of CDN$92,500 (USD$63,224) in Q1 2025.
(ii) 31,000 stock options were exercised by an employee for CDN$0.15 (USD$0.11) per share for a total of CDN$4,650 (USD$3,296) in Q3 2025. See Note 15 for additional information.
(iii) 6,250 stock options were exercised by a consultant for CDN$0.09 (USD$0.07) per share for a total of CDN$563 (USD$413) in Q3 2025.

(b) Stock options

A stock option plan was approved and adopted by the Board of Directors of the Company on September 5, 2013. The Board of Directors may from time-to-time grant to directors, employees and consultants, options to acquire common shares.

The plan provides that the maximum number of common shares which may be reserved for issuance to Insiders may not exceed 10% of the common shares outstanding at the time of grant. A grant to Insiders, within any twelve-month period, of options reserving for issuance a number of shares may not exceed 10% of the common shares outstanding at the time of grant. A grant to any one individual, within any twelve-month period, of options reserving for issuance a number of shares may not exceed 5% of the common shares outstanding at the time of the grant, except in certain circumstances. A grant to all persons engaged by the Company to provide investor relations activities, within any twelve-month period, of options reserving for issuance a number of shares may not exceed 2% of the common shares outstanding at the time of the grant. Finally, a grant to any one consultant, in any twelve-month period, of options reserving for issuance a number of shares may not exceed 2% of the common shares outstanding at the time of the grant.

Options granted under the Plan can have a maximum life period of ten (10) years after the grant date. The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of grant.

As at December 31, 2025, the number of outstanding options which could be exercised for an equivalent number of common shares is as follows:

	Number of options	Weighted average exercise price	Weighted average remaining life in years
Balance, December 31, 2023	5,557,250	$ 0.34	4.41
Issued(i)	560,000	$ 0.34	7.36
Exercised	—	N/A	N/A
Forfeited	(282,500)	N/A	N/A
Expired	(1,100,000)	N/A	N/A
Balance, December 31, 2024	4,734,750	$ 0.37	4.94
Issued(ii)	420,000	$ 0.34	7.40
Exercised	(499,750)	N/A	N/A
Forfeited	(355,000)	N/A	N/A
Expired	—	N/A	N/A
Balance, December 31, 2025	**4,300,000**	**$ 0.39**	**4.36**
Exercisable, December 31, 2025	**3,184,167**	**$ 0.40**	**4.60**

(i) During the year ended December 31, 2024, the Company granted a total of 560,000 stock options. The options vest 1/3 on each annual anniversary for three years. The fair value of the stock options was estimated to be $44,704 using the Black-Scholes option pricing model. The stock compensation expensed was $102,547 which relates to current and prior period grants. The remaining expense will be recognized over the balance of the vesting periods.

(ii) During the year ended December 31, 2025, the Company granted a total of 420,000 stock options. The options vest 1/3 on each annual anniversary for three years. The fair value of the stock options was estimated to be $42,679 using the Black-Scholes option pricing model. The stock compensation expensed was $79,641 which relates to current and prior period grants. The remaining expense will be recognized over the balance of the vesting periods.

Expressed in United States Dollars (USD)

14. SHAREHOLDERS' EQUITY (continued)

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2025.

No. of Options Outstanding	No. of Options Exercisable	Exercise Price	Expiry Date
68,750	68,750	0.10 to 0.19	20-Jul-25 to 16-Apr-28
462,083	274,583	0.20 to 0.29	12-Dec-27 to 15-Oct-33
2,805,417	2,024,584	0.30 to 0.39	15-Oct-26 to 16-July-33
447,500	300,000	0.40 to 0.49	18-Jul-27 to 15-Jan-33
97,500	97,500	0.50 to 0.60	6-Oct-30
165,000	165,000	0.60 to 0.69	15-Jul-29
253,750	253,750	0.70 to 0.79	23-Mar-29 to 15-Jun-29
4,300,000	3,184,167		

The table below shows the principal assumptions used in the Black-Scholes pricing model:

	2025	2024
Risk-free interest rate	2.83% - 3.30%	2.77% - 3.67%
Expected average volatility	80%	82%
Expected life	8 years	8 years
Expected dividend yield	Nil	Nil
Share price at date of grant	$0.29 - $0.45	$0.265 - $0.44
Exercise price at date of grant	$0.29 - $0.45	$0.265 - $0.44

(c) Warrants

The Company issued warrants effective September 17, 2021, to purchase 8,976,743 common shares of the Company, Of these, 8,415,697 are exercisable immediately and any time up to three years following the date of issuance at CDN$0.75 and 561,046 were issued to the broker and are exercisable commencing six months following the date of issuance to three years from the date of issuance at CDN$0.58. During 2024, 8,976,743 warrants expired.

The Company issued warrants effective October 19, 2023, to purchase 6,445,939 common shares of the Company, 6,445,939 are exercisable immediately and any time up to two years following the date of issuance at CDN$0.50. On October 20, 2025, the Company announced that it extended the warrants' expiry date to October 15, 2026, subject to acceptance by the TSX Venture Exchange which was received on October 21, 2025. All other terms of the Warrants remain unchanged for the extended exercise period.

At December 31, 2025, the number of outstanding warrants is 6,455,939 and all are exercisable for an equivalent number of common shares. All warrants expire on October 15, 2026. A summary is provided below.

	Number of warrants	Weighted average exercise price CDN $
Balance, December 31, 2023	15,422,682	$ 0.64
Expired 2024	(8,976,743)	$ 0.74
Balance, December 31, 2024 and 2025	**6,445,939**	**$ 0.50**

Expressed in United States Dollars (USD)

15. RELATED PARTY TRANSACTIONS

The Company's related parties include key management and personnel that have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management are the members of the Board of Directors, the chief executive officer, the chief financial officer, the chief technology officer and chief legal officer. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The following comprises the remuneration of key management of the Company:

	2025	2024
Salaries	**$ 573,776**	$ 624,843
Share-based compensation	**29,687**	51,607
Total	**$ 603,463**	$ 676,450

As at December 31, 2025 and 2024, there is an outstanding secured promissory note to a director of the Company with a principal amount of $1,600,000 which bears an interest rate of 9% per annum. The promissory note was modified in 2025 and the due date was extended to June 2027. No gain or loss was recorded due to the modification. As at December 31, 2025 and 2024, the accrued interest related to the loan is $1,249,500 and $1,105,500, respectively. The promissory note is secured by the tangible and intangible assets of the Company. Interest expense of $144,000 (2024 - $144,000) was accrued during the year ended December 31, 2025. See Note 21 Subsequent Events for additional information.

In Q1 2025, 462,500 stock options were exercised by Board members for CDN$0.20 (USD$0.14) per share for a total of CDN$92,500 (USD$63,224).

In Q3 2025, 31,000 stock options were exercised by an employee for CDN$0.15 (USD$0.11) per share for a total of CDN$4,650 (USD$3,296). The employee is the spouse of the CEO and Director.

16. COMMITMENTS AND CONTINGENCIES

In November 2018, the Company entered into a patent license agreement whereby the Company has agreed to pay a 7% royalty for sales of the SiLO TFX implant quarterly, within 45 days of the end of each quarter. The license agreement allows the Company to offset the royalties earned with training expenses related to the SiLO TFX implant up to the royalty amount. Royalties of $527,726 were expensed in 2025 ($451,816 in 2024). As at December 31, 2025, the gross royalty payable was $1,171,739 which has been offset by the related accounts receivable for training costs under the agreement. (December 31, 2024 gross royalty payable of $644,013 and a net royalty payable of nil).

The Company is party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties, and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its consolidated financial statements, where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded.

The Company is subject to an ongoing dispute under the above license agreement, and the outcome is expected to be resolved in arbitration which is scheduled in January 2027. The supplier is of the opinion the terms of the contract are no longer effective as of July 5, 2025, and the Company disagrees with such opinion. The supplier has not provided a formal dollar amount for a claim, and the Company is of the opinion that it has operated in accordance with the agreement between the parties. It is possible that the final resolution of these matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's consolidated financial position, future expectations, and cash flows.

Expressed in United States Dollars (USD)

17. GENERAL AND ADMINISTRATIVE

For the year ended	**December 31,2025**	December 31, 2024
Professional fees	**$ 344,568**	$ 466,543
Travel	**618,568**	1,093,193
Software	**171,998**	162,833
Bank fees	**120,880**	189,436
Bad debt expense	**190,266**	38,336
Other	**503,787**	379,349
Total	**$1,950,067**	$2,329,690

18. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the net loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potentially dilutive shares such as options and warrants have not been included as they would have the effect of decreasing the loss per share and they would, therefore be antidilutive. The Company has 4,300,000 in stock options and 6,445,939 in warrants outstanding that could potentially dilute earnings per share in the future.

	2025	2024
Net loss	**$ (731,120)**	$ (1,002,609)
Weighted average common shares outstanding	**77,876,752**	77,592,449
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)

19. INCOME TAXES

The reconciliation of the combined income tax rate of 23.24% (2024 – 23.24%) to the effective tax rate is as follows:

	December 31, 2025	December 31, 2024
Net loss before recovery of income taxes	**$ (731,120)**	$ (952,609)
Expected income tax recovery	**(166,330)**	(221,386)
Difference in foreign tax rates	**(3,021)**	(3,343)
Share based payment and non-deductible/(taxable) expenses	**36,761**	58,250
Change in deferred tax asset not recognized	**132,590**	166,479
Income tax (recovery) expense	**$ —**	$ —

	December 31, 2025	December 31, 2024
Deferred tax assets		
Net operating loss – USA	**$ 200,197**	$ 209,569
Deferred tax liabilities		
Property, plant and equipment	**(200,197)**	(209,569)
Intangibles	**—**	—
Net deferred tax asset	**$ —**	$ —

As Aurora Spine is an inverted entity, it is treated as a disregarded entity for US tax purposes. As such, the US tax return is prepared on a consolidated basis, including the income or loss of Aurora Spine Corporation. However, Aurora Spine Corporation is a Canadian corporation for tax purposes. Therefore, the company has the following unrecognized temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset which has not been recognized with respect to Canada and the US:

	December 31, 2025	December 31, 2024
Share issuance costs	**$27,200**	$199,957
Non-capital losses carried forward – Canada	**2,043,222**	1,870,465
Non-capital losses carried forward – US	**22,319,664**	21,532,080
Note receivable	**265,534**	153,543
Inventory reserve	**381,104**	318,128
R&D costs	**1,253,231**	1,796,380
Other reserves	**54,303**	33,017
Related party Interest	—	—
Other temporary differences	**344,993**	206,974
	$26,689,251	$26,110,543

Expressed in United States Dollars (USD)

19. INCOME TAXES (continued)

The Company has not recorded deferred tax assets related to the temporary differences noted above. While the Company generated its first revenues in September 2013, there remains uncertainty regarding the revenue growth and timing of future taxable income available against which these differences can be utilized. Share issuance costs will be fully amortized in 2025. There are non-capital loss carry forwards available for the Company which will expire as follows:

Non-Capital Losses		
Year of Loss	Expiry	Canada
2013	2033	$ 29,155
2014	2034	244,798
2015	2035	205,996
2016	2036	207,467
2017	2037	208,096
2018	2038	182,780
2019	2039	59,779
2020	2040	17,210
2021	2041	174,894
2022	2042	174,265
2023	2043	183,013
2024	2044	183,013
2025	2045	172,756
		$ 2,043,222

Non-Capital Losses		
Year of Loss	Expiry	United States
2013	2033	$2,529,851
2014	2034	7,426,530
2015	2035	2,737,330
2016	2036	1,818,246
2017	2037	1,806,000
2018	Indefinite	-
2019	Indefinite	1,165,377
2020	Indefinite	372,495
2021	Indefinite	2,476,696
2022	Indefinite	1,189,133
2023	Indefinite	559,782
2024	Indefinite	238,224
2025	Indefinite	-
		$22,319,664

U.S. Income Tax Status

U.S. federal tax legislation was enacted in 2004 to address perceived U.S. tax concerns in “corporate inversion” transactions. A “corporate inversion” generally occurs when a non-U.S. corporation acquires “substantially all” of the equity interests in, or the assets of, a U.S. corporation or partnership, if, after the acquisition, former equity holders of the U.S. corporation or partnership own a specified level of stock in the non-U.S. corporation. The tax consequences of these rules depend upon the resulting percentage identity of stock ownership. Generally, in the “80-percent identity” transactions, i.e. former equity holders of the U.S. corporation owns 80% or more of the equity of the non-U.S. acquiring entity (excluding certain equity interests), the tax benefits of the inversion are limited by treating the non-U.S. acquiring entity as a domestic entity for U.S. tax purposes.

Management is of the view that a corporate inversion has resulted from the IPO transaction completed in 2013. Management has determined that the Company is subject to the "80 percent" identity with respect to the transactions undertaken.

20. RECLASSICIFICATION

The Company has reclassified $616,449 of accrued liabilities to offset against other receivables to conform to the current year presentation. The reclassification relates to the November 2018 patent agreement as disclosed in Note 16 and the amount is with the same counterparty and within the same agreement. The reclassification had no impact on earnings or cash flows.

21. SUBSEQUENT EVENTS

March 4th, 2026, the Company amended an existing loan (the "Loan") in the principal amount of US$1,600,000 plus accrued and unpaid interest in the amount of US$1,249,500 from an insider of the Company (see note 15 – Related Party Transactions). The Loan, evidenced by a promissory note (the "Note") bears interest at 9% per annum. The Amendment reduces the interest rate to 4.5% per annum effective January 1, 2026. If an Event of Default occurs and continues, the outstanding balance of the Note, including all accrued and unpaid interest, will bear interest at the lesser rate of twelve percent (12%) per annum or the maximum rate of interest under applicable law. The principal amount together with interest thereon, was due on the Maturity Date of June 29, 2027. The parties have agreed to extend the Maturity Date to July 11, 2029. The parties also agreed that upon a Change of Control of the Company, the Maturity Date will be accelerated, and the Note will be due and payable in full, upon written request from the Holder. The Company may prepay the outstanding principal amount and accrued and unpaid interest thereon, in whole or in part, at any time without penalty. The Company's wholly owned subsidiary, Aurora Spine, Inc., continues its guarantee and security for the obligations of the Company under the Note.