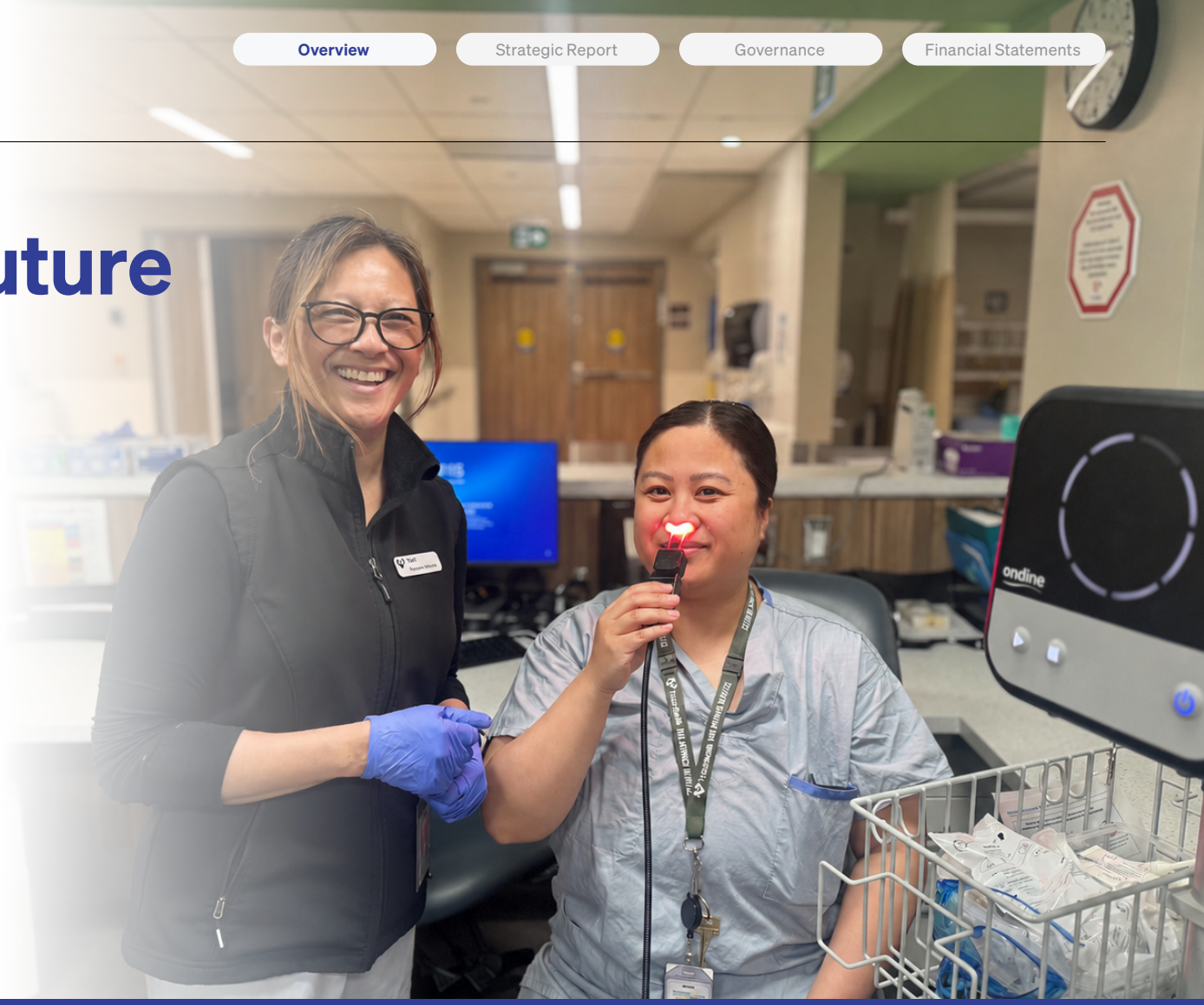
ondine

Foundations
for a pivotal year

Annual Report & Accounts 2025

Welcome

Illuminating the future *of infection control*



Ondine Biomedical Inc. **(LON:OBI)** is a life sciences company pioneering light-activated antimicrobial therapies to prevent and treat healthcare-associated infections, including those caused by multidrug resistant microbes, without contributing to antibiotic resistance (AMR).

Ondine's photodisinfection-based platform technology addresses the rise of multidrug-resistance and emerging microbial threats. The Company helps healthcare systems improve patient outcomes, reduce costs and waste, increase patient throughput and champion superior antibiotic stewardship.

Read more

Highlights

2025 IN BRIEF

1 Pivotal U.S. Phase 3 clinical trial

The Company's primary focus was the successful execution of the large 5,000+patient crossover Phase 3 clinical trial registered as the "LANTERN Study" (Light-Activated Antimicrobial Therapy to Prevent Surgical Site Infections). Patient enrolment across 18 hospitals has concluded post-period with top-line results expected Spring 2026.

2 ICU study completion

Together with Royal Columbian Hospital Foundation researchers, Ondine completed a pilot study that demonstrated significant pathogen reductions and observed a nearly 40% reduction in pneumonia in an intensive care unit (ICU) setting. The study findings were recently published in *Critical Care*.

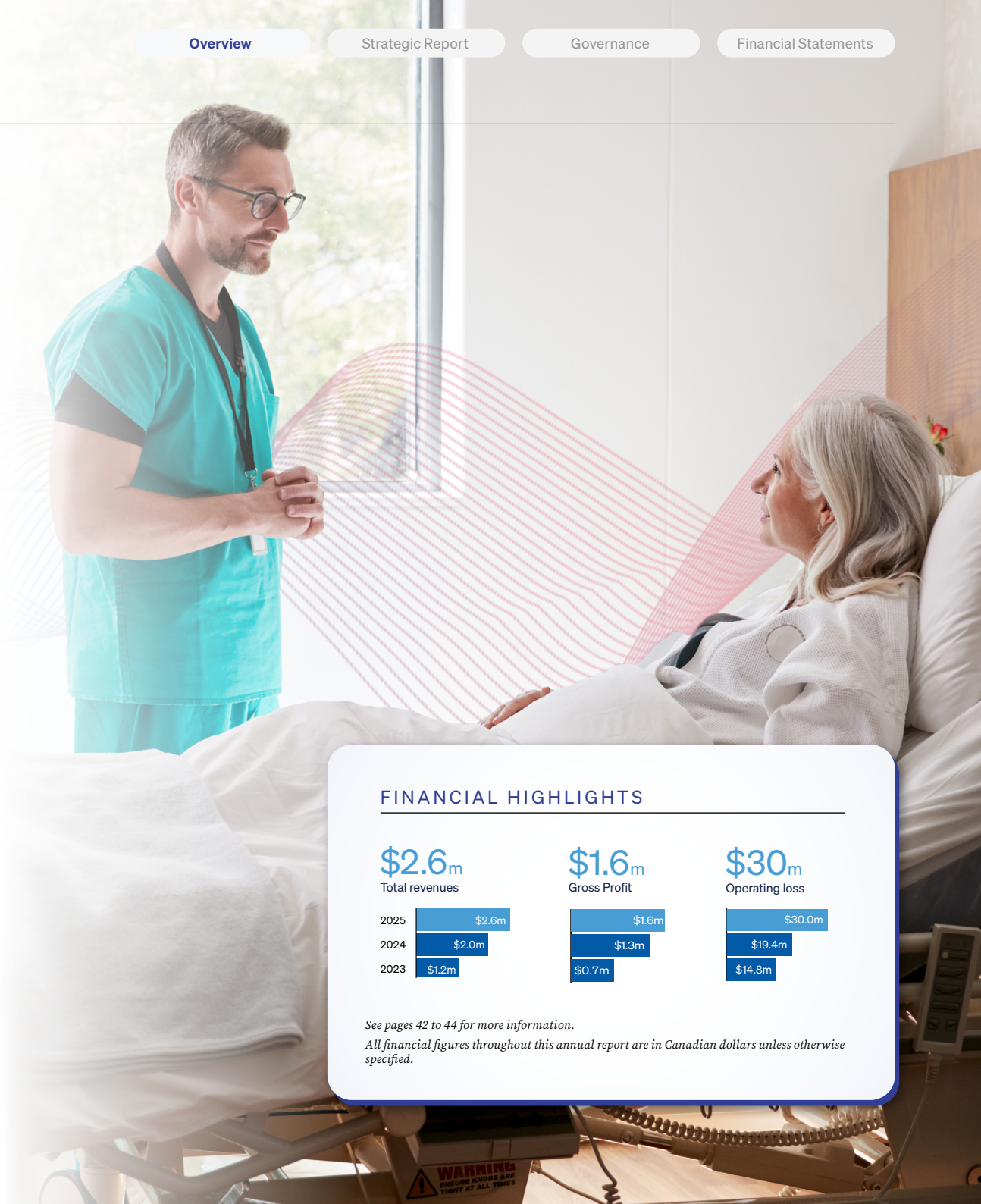
3 Expansion of international clinical pilots

The Company initiated and expanded pilot programmes with leading hospitals across the United Kingdom, Switzerland, Mexico and Australia. These collaborations strengthen critical clinical relationships, and generate the real-world evidence to support U.S. regulatory filings and adoption of Steriwave in new markets.

4 Successful fundraises

During the year, the Company raised approximately C$24 million to advance its pivotal LANTERN U.S. Phase 3 clinical study, expand Steriwave® commercial deployment, and strengthen operational readiness. The financing supported clinical, manufacturing, and commercialisation activities as Ondine prepared for broader adoption and potential U.S. market entry.

Read more on pages 5-7



FINANCIAL HIGHLIGHTS

$2.6m
Total revenues

$1.6m
Gross Profit

$30m
Operating loss

See pages 42 to 44 for more information.

All financial figures throughout this annual report are in Canadian dollars unless otherwise specified.

At a Glance

Ondine Biomedical Inc.

LON:OBI

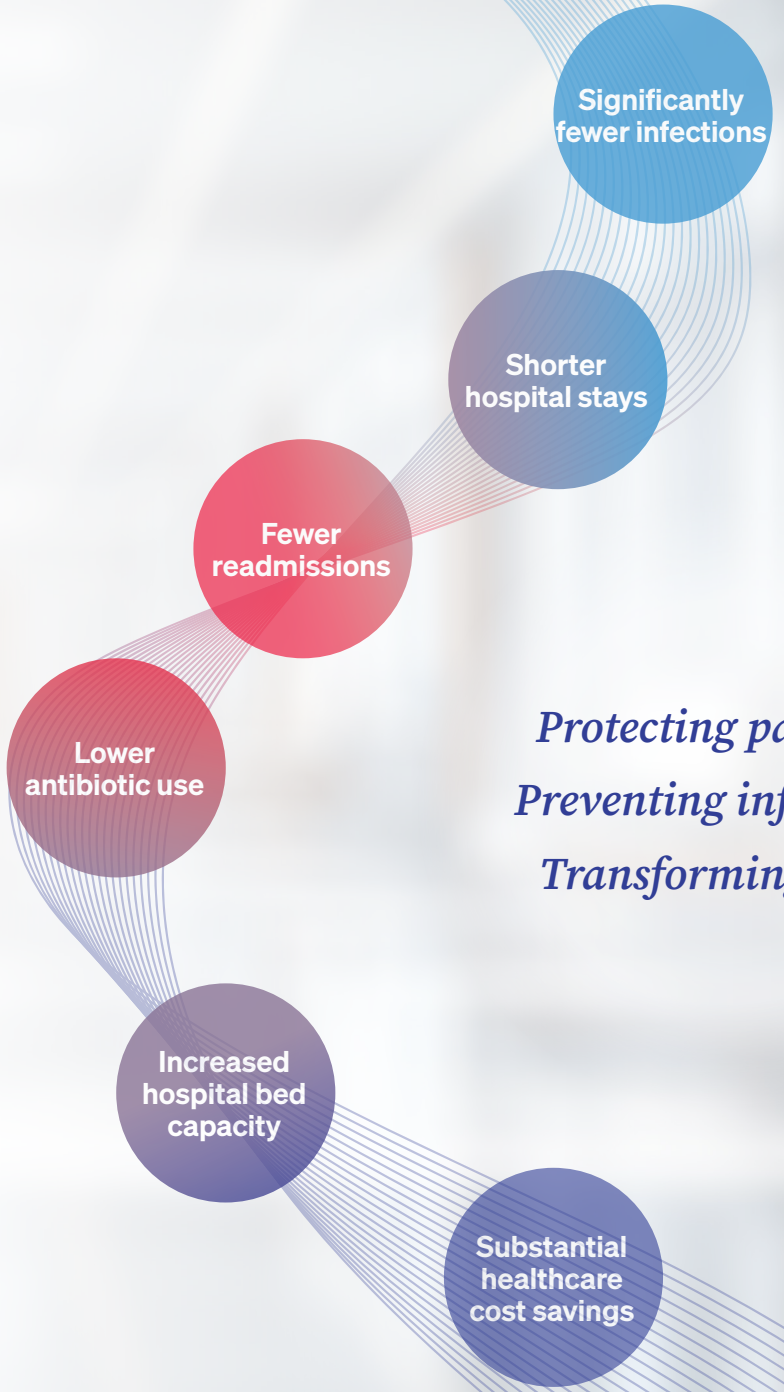
Ondine Biomedical, a Canadian life sciences company, is at the forefront of light-activated antimicrobial technology, developing and commercialising advanced solutions to prevent and treat infections, including those caused by drug-resistant pathogens.

Ondine's patented nasal photodisinfection, brand Steriwave® outside the US, is a non-invasive, nurse-administered treatment that rapidly eliminates harmful bacteria, viruses, and fungi from the nose—a major source of infection transmission. The treatment takes less than five minutes to complete, works immediately, and allows the natural nasal microbiome to recover quickly—all without contributing to antimicrobial resistance (AMR).

By targeting this key source of infection, Steriwave helps reduce the burden of healthcare-associated infections (HAI), which affect 3%–11% of patients globally and cost billions annually—delivering benefits to both patients and healthcare systems.

KEY FACTS AND FIGURES

250,000+	**Approved**	**Phase 3 trial**
patients treated, cumulatively	for use in healthcare systems around the world	topline results expected Spring 2026
70+	**7+**	**1**
patents, granted & pending	products, commercial & pipeline	platform, many applications



Protecting patients.
Preventing infections.
Transforming care.

Strategic Report

"This technology is even more important today than it was 10 years ago."

DR. ED SEPTIMUS, MD

Faculty, Texas A&M College of Medicine & Harvard Medical School

Chair's statement: Foundations for a Pivotal Year

Dear Shareholders,

In 2025, Ondine Biomedical continued to advance its long-term strategy of redefining infection prevention through non-antibiotic solutions. Healthcare-associated infections remain one of the most persistent and costly challenges facing global healthcare systems, compounded by the accelerating impact of antimicrobial resistance. Against this backdrop, the need for effective, scalable alternatives to traditional approaches has never been greater.

Ondine is focused on establishing photodisinfection as a foundational technology in infection prevention. Our light-activated, non-resistance-forming approach is designed to align with the evolving priorities of healthcare systems worldwide—improving patient outcomes, increasing surgical capacity, and reducing the economic burden associated with avoidable infections. This positions the Company at the intersection of two powerful drivers of change: the global response to antimicrobial resistance and the growing demand for more efficient, outcome-focused care delivery.

The Honourable Jean Charest
Chairman

Over the past year, we have continued to build the clinical, regulatory, and commercial foundations necessary to support long-term growth. Our strategy is centred on generating high-quality evidence, engaging with leading institutions, and advancing regulatory pathways in key markets, particularly the United States. At the same time, we are expanding awareness and acceptance of photodisinfection through scientific and clinical engagement, with increasing recognition of its role within modern infection control protocols.

A central pillar of this strategy is the LANTERN Phase 3 pivotal study, conducted across 18 hospitals in two countries and involving more than 5,000 patients. This landmark trial, supported by HCA Healthcare and delivered in partnership with its expert research team, represents a defining moment for the Company. As the world's first nasal photodisinfection-based crossover study, it has been designed to provide the level of evidence required to support regulatory approval and broad clinical adoption in the United States.

With top-line results anticipated in Spring 2026, we are focused on the next phase of our development, including preparation for FDA submission and subsequent commercial expansion. We believe successful completion of this process will not only enable entry into the U.S. market but also serve as a catalyst for wider global adoption and the continued development of Ondine's broader pipeline of photodisinfection applications.

Looking ahead, our priority is to translate our clinical progress into sustainable commercial growth. This includes deepening partnerships with healthcare providers, demonstrating economic value at scale, and ensuring that our technology can be readily integrated into standard clinical practice. As healthcare systems continue to seek solutions that address both clinical outcomes and cost pressures, we are confident that Ondine is well positioned to play a meaningful role in shaping the future of infection prevention.

On behalf of the Board, I would like to thank our management team, partners, and shareholders for their continued commitment and support as we build the foundations for long-term success.

Sincerely.

Chairman of the Board

Chief Executive's Statement: Preparing for Global Impact

Dear Shareholders,

In 2025, Ondine Biomedical maintained a disciplined focus on execution, with a clear objective: to translate our technology and clinical progress into a scalable, high-impact business. We concentrated our efforts on building the clinical and regulatory foundations necessary for U.S. market entry, while at the same time shaping a commercial model designed for sustainable growth and broad adoption.

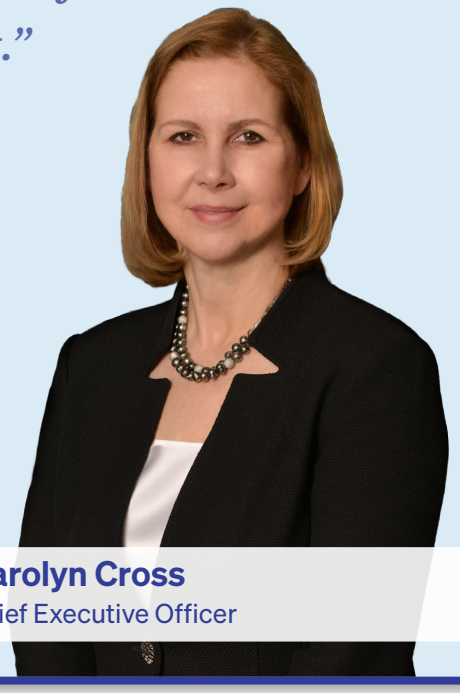
Healthcare-associated infections remain a major driver of cost and capacity constraints for health systems, with billions of dollars spent each year on preventable complications and their consequences. Each surgery has an embedded "infection tax" of up to $1,000 before lost surgical capacity and quality of life considerations are quantified. Alongside clinical data, we are generating health economic evidence to quantify the potential cost, capacity and patient outcome benefits of nasal photodisinfection compared with current standard of care.

As antimicrobial resistance continues to erode the effectiveness of traditional antibiotics, providers are actively seeking practical, non-antibiotic solutions that can improve outcomes, protect capacity, and support more efficient care delivery. Ondine's photodisinfection platform addresses this need through a light-activated antimicrobial approach that does not rely on antibiotics or generate resistance and can be integrated at critical points in the patient journey. Our real-world results suggest that nasal photodisinfection offers improved outcomes for both patients and healthcare systems.

Our central operational priority in 2025 was the successful execution of the LANTERN Phase 3 pivotal trial, which underpins our U.S. regulatory strategy. Conducted across 18 hospitals in two countries and involving more than 5,000 patients, LANTERN represents the most significant clinical investment in the Company's history. We are deeply grateful to HCA Healthcare and its clinical research group, HRI, for their leadership, expertise, and commitment in managing this large-scale, complex study. We would also like to thank the experienced research teams at the four Canadian hospitals who supported our trial with their expertise and their patient access as well as healthcare system and population diversity. This collaboration has been instrumental in bringing the LANTERN trial to completion.

Continued on following page...

"More than 300 million surgical procedures are performed each year worldwide, and we are working to get a meaningful share of this target market."



Carolyn Cross
Chief Executive Officer

With top-line LANTERN results anticipated in Spring 2026, our focus is now on ensuring that we are ready to move decisively once data are available. This includes completing the clinical study report, finalising the remaining components of our planned New Drug Application to the U.S. Food and Drug Administration, and aligning our organisation and resources around a clear path to launch, subject to regulatory approval.

In parallel with LANTERN, we continued to broaden the clinical and commercial footprint of Steriwave. Pilot programmes and evaluations across multiple key geographies and care settings are being undertaken selectively to build the right partnerships. Spanning new surgical and distribution pathways as well as early work in high-risk environments such as intensive care, these pilots support our land-and-expand strategy. With this approach, we are integrating direct experience and real-world knowledge to optimise our commercial strategies.

The intensive care unit (ICU) will be an important market for nasal photodisinfection given the 12-15% infection rates in these fragile patients. In 2025, Royal Columbian Hospital Foundation's research team successfully conducted and completed the world's first clinical study of nasal photodisinfection in the ICU. This investigator-initiated pilot study demonstrated patient safety and the feasibility of integrating Steriwave into ICU workflows and generated strong evidence of nasal pathogen reduction in critically ill patients, confirming our belief that nasal photodisinfection can significantly improve outcomes in the ICU. The study, now published in *Critical Care*, also showed an observed reduction in hospital-acquired pneumonia, a leading cause of morbidity, mortality, and cost in critical care settings.

With an expanding set of indications in mind, we deliberately target leading institutions and specific high-value use cases where the clinical and economic impact of infection prevention is most visible. Over time, we work to expand utilisation across additional departments, procedures, and indications as confidence and experience grow. In this way, we hope to expand the network of photodisinfection users to build awareness and regional endorsement.

This pilot-driven approach serves several purposes. It generates real-world evidence that complements our clinical trial data, building confidence among clinicians and administrators. It deepens relationships with hospital partners, creating internal advocates who understand both the clinical impact and operational practicality of photodisinfection. This also establishes initial commercial beachheads from which we can grow sales as health systems see the benefits in reduced complications, increased throughput, and more efficient use of existing infrastructure.

To support this strategy, we have continued to strengthen our operational capabilities. Investments in manufacturing and supply, including enhanced control over key components of our photosensitiser delivery, are intended to support reliable scaling as demand grows. At the same time, we are refining a service-led commercial model that simplifies hospital adoption, emphasising integration into existing workflows, staff training, and data-driven demonstration of value, as we prepare for broader rollout.

While our current installed base and revenue remain at an early-stage relative to the scale of the opportunity, there is significant potential for long-term growth if clinical, regulatory, and commercial milestones continue to be achieved. More than 300 million surgical procedures are performed each year worldwide, and infection prevention is an increasingly strategic priority for health systems working to manage cost, capacity, and risk. We believe that a combination of strong clinical data, compelling real-world evidence, and a targeted land-and-expand commercial strategy leveraging our existing hospital and healthcare system relationships can position Ondine to capture a meaningful share of this large and growing market over time. Success with the first photodisinfection application will help to accelerate the commercialisation of our other treatment and prevention products in our pipeline.

Looking ahead, 2026 is expected to be a defining year for the Company. Our priorities are clear: deliver the LANTERN clinical results, advance our FDA submission, and build up the operational and commercial capabilities required for launch and subsequent scale-up. We remain committed to disciplined capital allocation, evidence-led decision-making, and a sharp focus on execution.

We would like to thank our dedicated employees and consultants, our numerous clinical partners, and our loyal shareholders for their continued trust and support of our efforts to bring our lifesaving technologies to global healthcare systems. We remain focused on translating our scientific and clinical progress into durable, long-term value for all stakeholders.

Yours sincerely,

Chief Executive Officer

Our business model

As a lean organisation pioneering a first-of-kind technology, we recognise that disrupting the global standard of care requires a strategic evidence-led approach. We have intentionally prioritised optimisation and utilised the past few years to test and retest our protocols, product designs, and distribution sales models.

By exploring and optimising strategies across various markets and care settings, we are working to reduce commercialisation and operational risk at scale. This deliberate process of "develop, derisk and deploy" ensures we achieve operational excellence before committing significant capital. While this methodical land-and-expand strategy takes time, it minimises both financial and reputational risk, providing us with a proven, battle-tested blueprint for the successful global rollout of Steriwave.

OUR STRATEGIC APPROACH

1 Develop
Develop proprietary photodisinfection based medical devices, applications and business models to treat and prevent multidrug resistant infections.

2 Derisk
Derisk future growth and outcomes with foundational work, planning and testing. Cultivate a robust database of real-world evidence and a network of key opinion leaders, partners and collaborators through oversight, integration and engagement.

3 Deploy
Deploy technology, talent and strategy to optimise clinical and commercial outcomes at scale. Leverage network effects and key relationships to support new market growth opportunities.

VALUE TO OUR STAKEHOLDERS

Patients
Ondine delivers improved health outcomes through infection prevention that expedite recovery, reduce hospital length of stay and mortality, and enhance overall quality of life.

Clinicians
Ondine provides reliable, user-friendly medical devices that improve patient care and complications, and promote efficient clinical workflows.

Employees
Employees are offered a dynamic and challenging environment with significant career growth opportunities through which they can contribute meaningfully to the pursuit of better patient outcomes.

Healthcare Providers/Hospitals
Steriwave reduces the incidence of costly infections and readmissions, generating substantial cost savings and enabling hospitals to optimise patient throughput.

Shareholders
Investment in Ondine offers the potential for significant returns while supporting the development of life saving technologies and antibiotic alternatives in an era of rising AMR.

Our business model (continued)

Our Drivers of Success

Ondine draws on its core capabilities to support innovation, ensure operational excellence, and advance healthcare outcomes.

People
Empowering Excellence

Our success is underpinned by a highly motivated, skilled, and dedicated team. Supported by expert consultants and advisors, we ensure informed strategic decision-making that enables effective clinical, regulatory, and commercial execution.

Knowledge base
World-Leading Expertise

With decades of research and experience, Ondine has built a deep and clinically validated knowledge base in photodisinfection. This supports real-world adoption, strengthens clinical credibility, and differentiates our products in practice.

Transformative proprietary platform
One Platform, Many Applications

Our patented technology is more than a product, it is a versatile platform. By delivering rapid, non-antibiotic infection prevention that bypasses the crisis of AMR, we provide a scalable solution designed for seamless integration across a multitude of clinical indications and care settings.

Stakeholder engagement
Innovation Through Collaboration

Collaboration with clinicians, healthcare partners, suppliers, and shareholders is central to our strategic approach. Their insights help shape innovation, strengthen execution, and ensure our solutions continue to address evolving clinical and commercial needs.

"Progress in patient safety starts with strong clinical partnerships and a shared commitment to reducing avoidable harm."

Jeremy Kerr
Director of Sales, Ondine Biomedical

Our markets

Multibillion-dollar markets

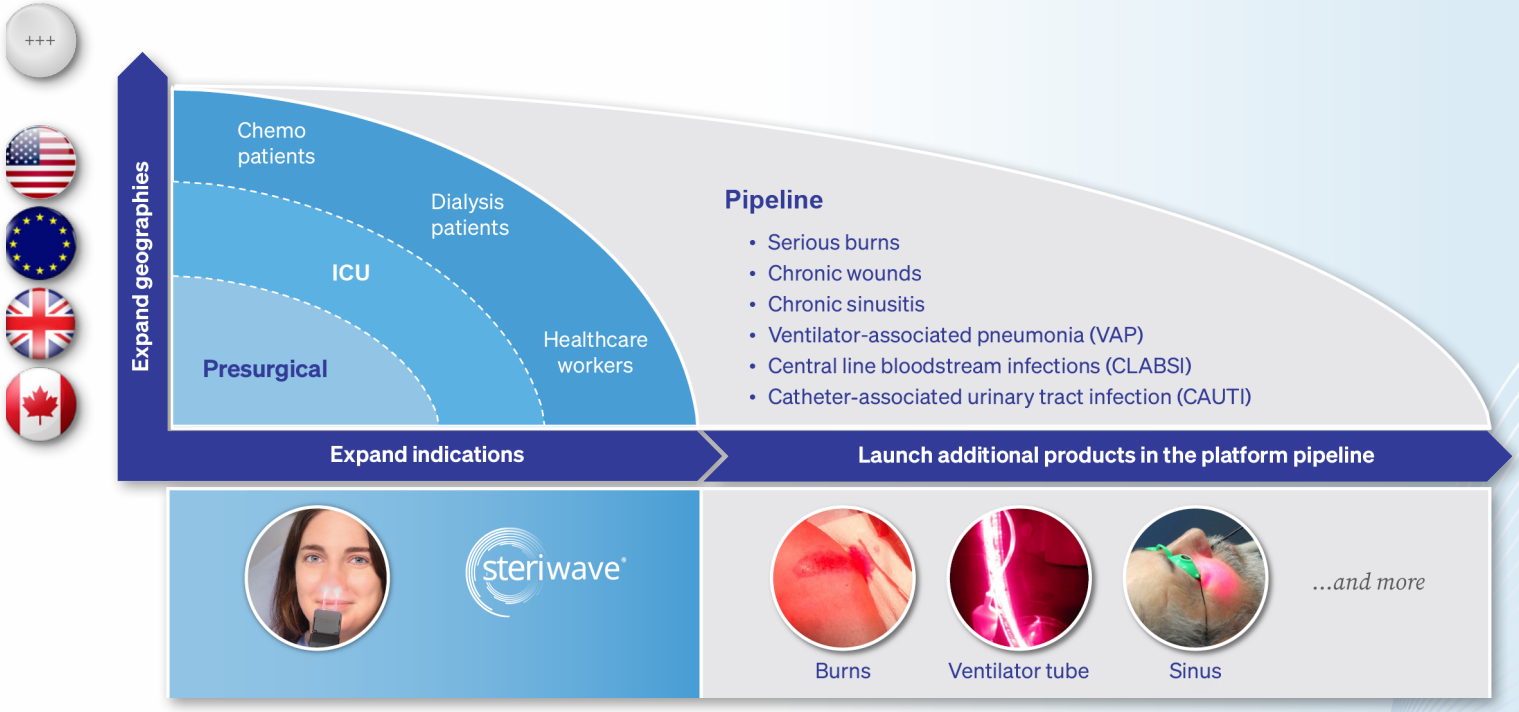
The global opportunity for Ondine's photodisinfection is significant, starting with Steriwave presurgical use and continually expanding across high-risk hospital environments such as ICUs, and among vulnerable populations including chemotherapy and dialysis patients, as well as frontline healthcare workers.

Beyond Steriwave, our underlying photodisinfection platform creates opportunities to launch entirely new products, each addressing high-risk infection areas with very large unmet medical needs.

$10+ billion

ANNUAL REVENUE POTENTIAL
(North America & Europe)

Steriwave	*Billions*
Presurgical use	$6
ICU use	$4
Additional indications	+++
Pipeline photodisinfection products	+++



Our strategy

Unlocking the full potential of our proprietary platform

Foundations for scalable growth

Ondine's strategy is focused on realising the full potential of its proprietary photodisinfection platform across global healthcare markets, starting with Steriwave. Steriwave serves as a strategic entry point into healthcare systems, creating opportunities to expand into additional indications, departments, and future platform applications.

In 2025, we made a deliberate decision to prioritise clinical evidence generation to strengthen the foundation for continued adoption and future expansion, while maintaining targeted commercial activity. This included investment in the LANTERN Phase 3 study, the first ICU feasibility study of Steriwave, and collaborations with leading healthcare institutions to generate real-world clinical and health economic evidence.

Together, these initiatives strengthened Ondine's clinical, commercial and operational foundations. They support the Company's land-and-expand strategy, help build confidence among clinicians and healthcare administrators, and provide a stronger platform for future growth as Ondine prepares for the next stages of U.S. regulatory engagement, commercial adoption and global scale-up.

Read more about our strategic priorities:

- Commercial adoption *Page 12*
- Preparation for U.S. market entry *Page 13*
- Operational readiness and scale *Page 14*

REAL-WORLD EVIDENCE GENERATED IN 2025

Université de Sherbrooke

78% reduction in spine SSIs

Mid Yorkshire Teaching NHS Trust

71% reduction in hip and knee arthroplasty infections vs another topical nasal antimicrobial agent

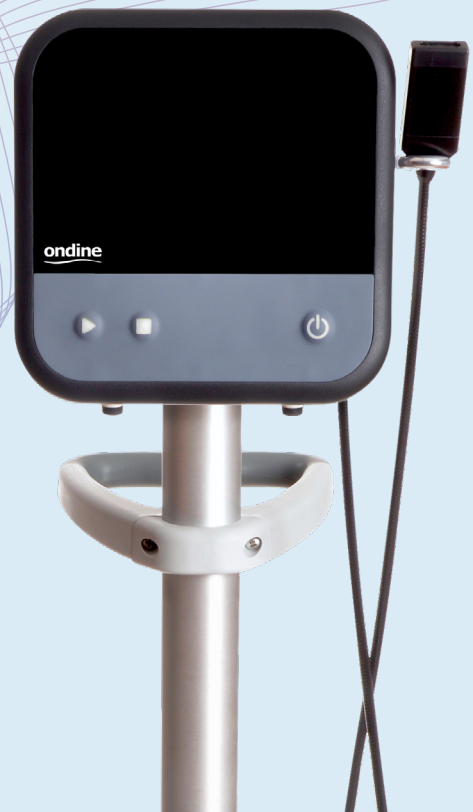
York Health Economics Consortium

£1.49–£2.38

net savings for every £1 spent on Steriwave across major surgeries

ICU feasibility study

Safe implementation, statistically significant reduction in nasal pathogen burden, and lower observed ICU-acquired pneumonia in the treatment arm vs control; published in *Critical Care*



Real-world findings are based on observational studies and may be influenced by multiple factors.

Our strategy continued

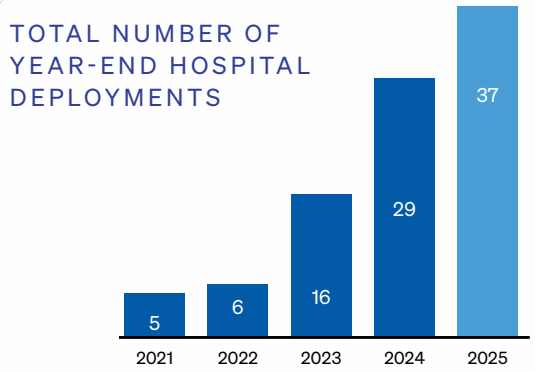
Commercial Adoption

Our commercial adoption is driven by a disciplined land-and-expand model designed to establish high-credibility footholds with key hospital systems. By targeting initial deployments with clinicians focused on improving patient outcomes, we secure the early stage evidence and local advocacy required for broader rollout.

Throughout 2025, we concentrated on establishing these strategic beachheads, prioritising workflow integration and evidence generation. This methodical approach cultivates clinical champions and high-profile reference sites, creating a scalable foundation to expand across new departments, geographies and use cases:

- Expansion to additional areas within the same institution;
- Expansion into additional hospitals and regions;
- Expansion into new use cases.

In addition to the Steriwave hospital sites shown below, Ondine onboarded 18 hospitals into the Phase 3 trial in 2025, strengthening the operational and clinical foundation for future growth.



Excluding hospitals part of the LANTERN U.S. Phase 3 trial

Land-and-expand in action:

Land

Steriwave has been introduced through initial hospital deployments and clinical studies in new markets, including an ENT pilot at LMU University Hospital Munich, an independent study at University Hospital Zurich, and a first hospital pilot at ABC Medical Center in Mexico City.

Expand within hospitals and specialties

In the United Kingdom, Steriwave has been integrated into cardiac surgical care pathways through a pilot programme at Royal Papworth Hospital, supported by Ondine's distribution partner Mölnlycke Health Care. This expands Steriwave beyond its initial use in hip and knee surgeries. In Canada, the Ottawa Heart Institute adopted Steriwave within its cardiac surgery programme following evaluation against mupirocin nasal decolonisation.

Expand into new clinical settings

Steriwave was piloted for the first time in an intensive care unit at Royal Columbian Hospital, extending its application beyond surgical pathways. The technology is also being piloted for use in oncology patients at The Mater Hospital in Sydney.

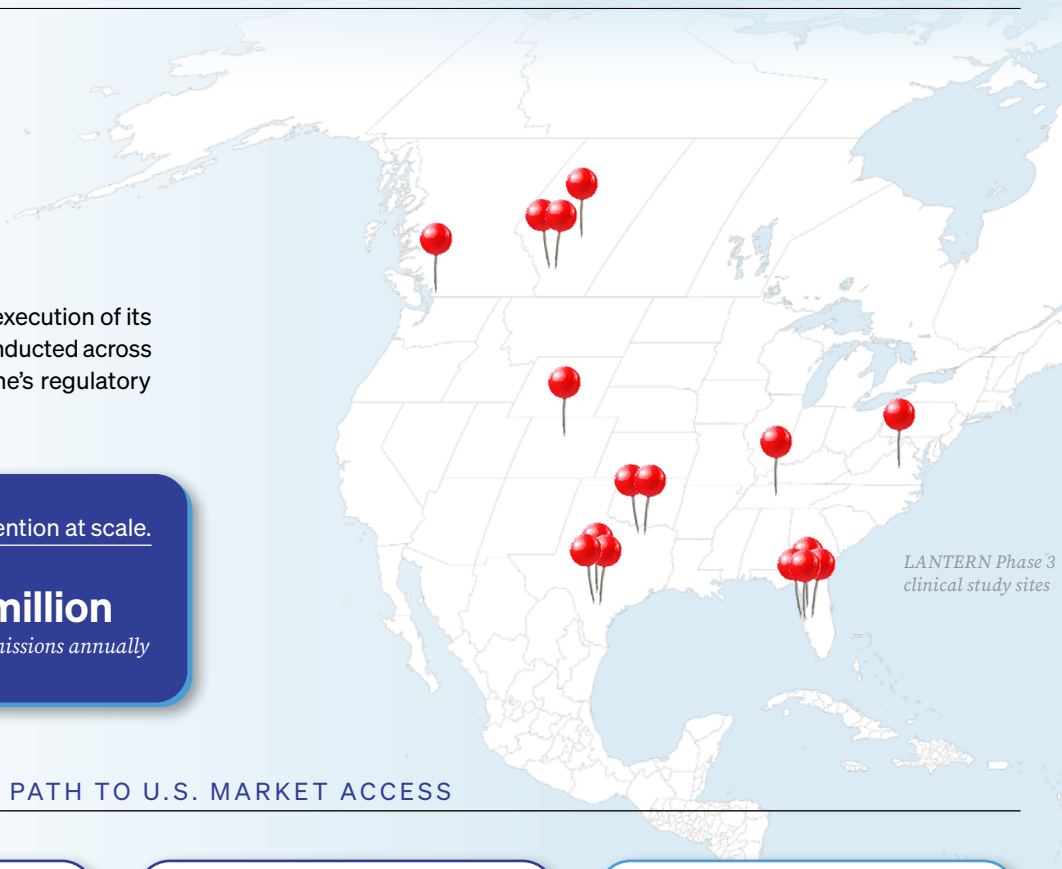
From initial deployment to expansion across geographies, specialties, and clinical settings.

Our strategy continued

Preparation for U.S. Market Entry

Substantial investment in the clinical and regulatory readiness for the world's largest healthcare market

In 2025, Ondine directed the majority of its financial, human, and operational resources to the execution of its LANTERN Phase 3 pivotal study. This large-scale, private/public multicentre cross-over study conducted across two countries represents a significant milestone for Ondine, and is a key component of Ondine's regulatory submission to the U.S. Food and Drug Administration (FDA) for access to the U.S. market.



U.S. MARKET ...a multibillion-dollar opportunity driven by infection prevention at scale.

6,000+ *hospitals & surgery centres*

35+ million *major surgeries annually*

5+ million *ICU admissions annually*

KEY PROGRESS

LANTERN Phase 3 study enrolment *(completed post-period)*

A total of 5,188 patients enrolled across 14 HCA Healthcare hospitals in the United States, as well as four hospitals in Canada.

On track for top-line readout in Spring 2026 *(subject to receipt of final data)*

Reporting will include the estimated treatment effect of surgical site infection rate reduction (derived from a generalised linear mixed-effects model comparing treatment to control arm), as well as primary safety data.

NEXT MILESTONES ON PATH TO U.S. MARKET ACCESS

Analyse study data

Conduct full statistical analysis of the Phase 3 study data per the Statistical Analysis Plan (SAP) to assess efficacy relative to standard of care, as well as safety.

Prepare & submit New Drug Application (NDA)

Compile clinical results and conduct required product testing, such as shelf-life studies, for submission to the FDA.

FDA review process

Engage with the FDA during the review period, which can span up to six months under Qualified Infectious Disease Product (QIDP) timelines.

Advance commercial strategy in parallel

Evaluate and refine the commercial launch approach to support successful U.S. market entry.

Operational readiness & scale

Ondine's ability to scale is driven by the deliberate build-out of its operational and organisational infrastructure. In 2025, the Company strengthened manufacturing, supply chain, systems, and talent frameworks to support demand and consistent execution. These foundations enable complex clinical delivery and support transition to large-scale commercial deployment.

"Operational excellence makes scale possible. By bringing manufacturing in-house and strengthening our systems, we are building the control, consistency, and quality needed to grow with confidence."

Dawn Nguyen
VP, Quality, Ondine Biomedical

Built for scale. Designed for impact.

Manufacturing

In-House Manufacturing Capability
Advanced in-house manufacturing through dedicated equipment, system improvements, and facility upgrades. Automated fill-and-finish equipment is being installed and validated, enabling greater internal control of production, increased capacity, and reduced cost of goods.

Systems

Operational Efficiency & Quality
Ongoing consolidation, upgrading, and expansion of quality-related processes within the Quality Management System, supporting a transition to a predominantly paperless environment by the end of 2026 and improving process flow and operational efficiency.

Supply Chain

Supply Chain & Production Control
Further strengthening supply chain resilience and internal production capabilities to reduce dependency risk and support scalable global operations. Introduction of formal Sales and Operations Planning processes to improve demand planning and supply alignment.

Sustainability

Doing well by doing good

Ondine integrates environmental, social, and governance (ESG) principles across our operations, emphasising responsible innovation, sustainability, and positive impact on patients, people, and the planet.

Reducing Environmental Impact

Our flagship Steriwave technology helps mitigate the environmental burden of healthcare-associated infections, which increase resource use, waste, and emissions across care pathways.

One surgical site infection (SSI) is associated with:

~60 kg of clinical waste[1]

up to **580 kg** of CO_2e[1]

By reducing HAIs, Steriwave supports lower antibiotic use, fewer readmissions, and reduced consumption of medical resources, easing pressure on healthcare systems and supports antimicrobial stewardship.

Health & Safety

Maintaining a robust health and safety culture is paramount to Ondine's operations and the well-being of our employees. Ondine's internal health and safety team diligently ensures that policies and procedures remain current with the latest industry standards and regulatory requirements.

Governance & Accountability

Ondine is committed to transparent financial and non-financial reporting, adhering to the reporting requirements for companies listed on the AIM market of the London Stock Exchange. Our Board of Directors provides independent oversight, guiding Ondine's strategic direction and ensuring responsible and sustainable growth.

Sustainable Manufacturing

At Ondine, we optimise our manufacturing processes to minimise waste, reduce energy consumption, and comply with relevant environmental regulations, including EU RoHS and WEEE directives. We have established environmental benchmarks to track and reduce our footprint, ensuring operational practices align with recognised sustainability standards.

[1] *Kocaman M, Galvain T. The Cost Analysis of the Environmental Impacts of Surgical Site Infection from the Perspective of NHS England.*

Sustainability continued

Preventable infections place a significant burden on patients, healthcare systems and the environment

The High Cost of Failing to Prevent Surgical Site Infections

Average per major surgery infection

		Patients	Hospitals	Clinicians	Society
9.7	Extra days in hospital[1]	✓	✓	✓	✓
5-14	Extra days of antibiotic usage[2]	✓	✓		✓
30-60	Extra hours of nursing care[1]		✓	✓	✓
5x	Higher risk of readmission[3]	✓	✓		✓
~$28,000	Extra cost (CAD)[4]		✓		✓

ILLUSTRATIVE PATIENT CASE STUDY

Frank, a patient at Vancouver General Hospital was admitted for routine vascular surgery. What was expected to be a standard procedure became the start of a prolonged and difficult recovery. Following surgery, he developed a severe post-operative infection that required readmission and extended treatment over several months.

During this time, his care involved repeated interventions, prolonged antibiotic therapy, and intensive nursing support. The infection not only delayed his recovery but significantly affected his quality of life, placing physical and emotional strain on both the patient and his family. Ultimately, despite sustained efforts to manage the infection, it resulted in the amputation of his leg.

The impact extended beyond the individual. His prolonged care placed sustained demands on clinical staff and hospital resources, occupying bed capacity that could otherwise have supported additional patients awaiting treatment. The additional procedures, medications, and extended hospital stay also increased the environmental burden associated with his care.

This case occurred prior to the hospital's adoption of nasal photodisinfection as part of its preoperative protocol. Nasal photodisinfection has been shown to significantly reduce the risk of post-surgical infection.

Reduces access to care for other patients

Contributes to antimicrobial resistance

[1]de Lissovoy et al., J Am Coll Surg (2009) [2]Stevens et al., Clin Infect Dis (2014), [3]Kirkland et al., Infect Control Hosp Epidemiol (1999), [4]PHAC, CCDR (2024)

Financial Review

Alan Thomas
Chief Financial Officer

Ondine's financial priorities during 2025 were focused on advancing clinical development, supporting targeted commercial activity, and strengthening operational infrastructure. The Company directed the majority of its investment toward its pivotal Phase 3 clinical trial, reflecting a deliberate emphasis on building clinical validation ahead of key regulatory milestones as a driver of long-term value. During the year, the Company raised c. $24 million to support these clinical priorities with the support of its long-term shareholders and other investors.

In parallel, Ondine made targeted investments in manufacturing and operational infrastructure to support future scalability, including dedicated manufacturing equipment, preparatory work to enable in-house fill-and-finish capability, and upgrades to internal systems to improve production efficiency, quality and supply chain resilience.

This disciplined allocation of capital reflects a clear strategy to prioritise clinical progress and operational readiness, positioning the Company for its next phase of growth as it approaches key clinical and regulatory milestones.

Revenue

Revenue increased by 29% to $2.6 million (2024: $2.0 million), driven by new hospital deployments and increased utilisation within existing accounts. Gross margin was 61% (2024: 64%), with the modest change year-on-year primarily reflecting the Company's hardware segment, where strategic investments continue to support customer adoption and market penetration. Consumable's margins improved during the year following the rollout of the Company's next-generation Nasal Illuminator in Canada.

Research and development expenditure

Research and development expenses totalled $21.2 million (2024: $9.2 million), of which $16.6 million was attributable to the LANTERN Phase 3 clinical trial. The majority of total projected trial costs have been incurred as of 2025, with the study now near completion.

The Company notes that Phase 3 clinical trials in the pharmaceutical industry typically involve per-patient costs in the tens of thousands of dollars and can result in total trial costs in the hundreds of millions for studies of comparable size and scale. The Company's investment demonstrates its ability to execute a large-scale clinical trial with capital significantly below that typically associated with studies of this size.

In addition, the Company completed its first ICU pilot study during the year, demonstrating a significant reduction in nasal bacterial load in critically ill patients. The study was funded through equity-based arrangements, allowing the Company to advance clinical evidence generation while preserving cash resources. The Company also supported clinical and commercial pilot programmes across multiple geographies.

General and administrative expenses

General and administrative expenses decreased by 12% to $8.7 million (2024: $9.9 million), reflecting ongoing efforts to optimise the cost base while maintaining core capabilities.

Marketing and sales expenses

Marketing and sales expenses remained stable at $1.1 million (2024: $1.1 million), reflecting the Company's prioritisation of clinical development over near-term revenue expansion. Commercial activity remained focused on building a foundation for future growth, including expanding the Company's installed base, working closely with distribution partners in early-stage market development, and onboarding and supporting Phase 3 clinical trial sites.

Liquidity, cash and cash equivalents

As at December 31, 2025, the Company held cash of $10.6 million (2024: $9.9 million). Net cash used in operating activities was $23.8 million (2024: $15.5 million), primarily driven by investment in the Phase 3 clinical trial. During the year, the Company secured $24.2 million in financing (2024: $21.7 million), supporting continued operations and strategic priorities.

The Company continues to manage its capital resources carefully, aligning expenditure with strategic priorities and maintaining focus on efficiency and disciplined execution.

Post-period fundraise

Post period, Ondine raised $8.6 million in net cash from a £5.0 million gross fundraise (C$9.2 million), with extensive support from existing shareholders.

Risk management

The management of risk is a key responsibility of the Board of Directors

The Board ensures risks are understood and that a robust risk management process is maintained to identify, quantify, minimise and manage important risks. The Board is also prepared to act swiftly to formulate contingency plans to manage the situation should any risk materialise.

Risk Trend

- Increased risk
- Decreased risk
- No change

Principal Risks	Trend	Mitigating Activities
1. Financial and Going Concern Risks • Risk that the Company may not have sufficient cash flow to meet its working capital needs and may no longer be a going concern. • Risk that the Company may not have sufficient capital to pursue growth opportunities, attract and retain talent, and take on profitable projects as they arise. • Risk that raising additional funds could result in dilution for existing shareholders.	−	• Ondine successfully raised $24.4 million in net cash during 2025 to support the U.S. Phase 3 clinical trial, commercialisation in approved markets, and working capital requirements. • The Company is executing against three strategic pillars: clinical advancement toward FDA approval, commercial expansion through a land-and-Expand strategy, and operational scaling, supporting a pathway to sustainable revenue growth. • Clinical engagement with large healthcare providers, such as HCA Healthcare, provides evidence of clinical interest for Steriwave. • The team conducts monthly reviews of working capital projections to ensure sufficient liquidity for short-term operational needs.
2. Personnel Risks • Risk that the Company may be unable to attract and retain the right talent necessary for the Company to achieve its goals. • The loss of any executive or key employee, or the inability to recruit desirable candidates or secure adequate third-party services on reasonable terms and in a timely manner, could have a material adverse effect on our business operations. • As the Company continues to grow and add new employees, there is a risk of challenges in team collaboration and communication.	↓	• In 2025, Ondine engaged an HR firm to review and enhance compensation frameworks, recruitment practices, and performance management systems, supporting organisational scalability. • The Company maintains a strong focus on talent recruitment, retention, and development as a core organisational priority. • Ondine's talent strategy includes competitive compensation packages, professional development and advancement opportunities, and succession planning. • Long-term incentives, including share options, to attract, motivate, and retain key employees.

Risk management continued

Principal Risks	Trend	Mitigating Activities
3. Breach of Regulatory and Legal Requirements • Failure to comply with legal or regulatory requirements in local jurisdictions may lead to fines, penalties, product recalls, and reputational damage. • Underestimating regulatory requirements in key markets could cause delays in market access. • Regulatory authorities, such as the FDA, are placing greater emphasis on the benefit-risk profile and safety data of pharmaceutical products, making regulatory approval more challenging.	–	• GMED is engaged as Ondine's Notified Body to support compliance with regulatory requirements in jurisdictions where EU CE Marking is required. • Ondine maintains a robust, closely monitored Quality Management System (QMS) and Standard Operating Procedures (SOPs), supported by ongoing training and communication. Our QMS and SOPs undergo annual reviews, at minimum, by internal and external auditors. We continuously update our understanding of regulatory requirements under MDSAP, EN ISO 13485, Canadian medical device regulations, EU MDR, and country-specific regulations as needed. • Ondine's in-house Quality Assurance and Regulatory teams are focused on meeting the regulatory requirements in key jurisdictions for product development and clinical studies. They are responsible for developing and maintaining the QMS system and related quality documentation to support regulatory applications. • Mock recalls are conducted annually, or as often as required, to ensure post-market readiness across the organisation. • Ondine is EN ISO 13485:2016 and MDSAP certified. Maintaining these standards requires us to know and abide by the regulatory requirements of the jurisdictions in which we are operating.
4. Clinical Trial Risks • Risk of undesirable or unexpected clinical trial outcomes. • Risk of delays in patient recruitment and cost overruns. • Risk of designing a clinical trial that fails to generate meaningful and relevant data. • Clinical trials involve testing new drugs and medical devices on human subjects, carrying the risk of adverse events or unexpected side effects. • Clinical trials generate large amounts of data, and companies must ensure that this data is managed securely and in accordance with data protection regulations. Data breaches or mishandling of data can result in fines, legal action, and reputational damage.	–	• Ondine has completed enrollment post-period for its Phase 3 clinical study in collaboration with HCA Healthcare, with results expected in Spring 2026, representing a significant derisking milestone. • Clinical trial protocols are based on over 10 years of real-world experience, including prior clinical studies and deployments in Canadian hospitals. • Ondine is working with a reputable Clinical Research Organisation (CRO) and experienced clinical trial monitors, recruitment specialists, hospital integration experts, and consultants. • All clinical data is managed using validated, secure systems compliant with data protection standards (e.g., HIPAA), with internal and external audits, encryption, and role-based access controls in place. • Cost controls include negotiated vendor pricing, milestone-based payments, and appropriate resource deployment, with the majority of trial costs incurred in 2025.

Governance

Board of Directors

The Honourable Jean Charest

Chairman

Appointed: January 30, 2018

Expertise: Corporate strategy, business development, governance

Committees: Audit & Risk *(member)*, Remuneration *(member)*

As Deputy Prime Minister of Canada and Premier of Québec, and with a public service career spanning almost 30 years, The Honourable Jean Charest is one of Canada's best known political figures. He was first elected to the House of Commons in 1984 and, at age 28, became Canada's youngest cabinet minister as Minister of State for Youth. In 1991, he was named Minister of the Environment and Minister of Consumer and Corporate Affairs and Registrar General and Deputy Prime Minister of Canada in 1993. In 1994, Mr. Charest was chosen Leader of the federal Progressive Conservative Party. He held that post until 1998 when he became Leader of the Quebec Liberal Party. Mr. Charest then broke a 50-year provincial record by winning three consecutive election campaigns in 2003, 2007 and 2008. Furthermore, the Charest government initiated an unprecedented labour mobility agreement between France and Québec and was best known for a major initiative for the sustainable development of Northern Québec called "Plan Nord".

Mr. Charest is notably the initiator of the negotiation for the Canada-European Union Comprehensive Economic Trade Agreement (CETA). Today, Mr. Charest is a Partner at Canadian firm Therrien, Couture, Joli-Coeur, where he provides invaluable expertise to the firm's clients with his in-depth knowledge and experience with public policy, corporate Canada, and international matters. As a strategic advisor with a unique perspective, he supports clients on complex transactions, projects, and international mandates.

Jean Duvall

Senior Independent Non-Executive Director

Appointed: November 21. 2021

Expertise: Corporate development, pharmaceutical research & development, legal & compliance

Committees: Nominating & Governance *(Chair)*, Remuneration *(member)*

Ms. Duvall is Co-Founder and CEO of ReproNovo SA, a company focused on reproductive medicine and women's health, and is a Board member of Roquefort Therapeutics plc (LSE: ROQ). She is also Co-Founder and was Chair of cell and gene therapy specialist Trizell Holding, an affiliate of Ferring Pharmaceuticals. Ms. Duvall co-initiated and led Ferring's strategic entry into gene and cell therapy through the acquisition of foundational assets and the establishment of Trizell, which she scaled from approximately 50 to 250 employees, building out integrated R&D and manufacturing capabilities across Finland, the UK, and Switzerland. Prior to that, Ms. Duvall served as Executive Vice President at Ferring Pharmaceuticals, where she held global responsibility for corporate development, legal, compliance, and other key functions, while also serving as secretary to the board of directors.

Earlier in her career, she was General Counsel at Elan Corporation, where she gained deep experience in international corporate law and biopharmaceutical transactions. Ms. Duvall holds a Bachelor of Science degree from Case Western Reserve University and a Juris Doctor degree from Ohio State University. She is recognized for her leadership in complex organizational growth, innovation-driven strategy, and governance within the life sciences industry.

Board of Directors

Carolyn Cross

Founder & CEO

Appointed: March 31, 2004

Expertise: Leadership, strategy, financing, business development, corporate finance

Committees: n/a

Ms. Cross was one of the initial founders and financial supporters of Ondine Biomedical Inc., and currently serves as the Company's CEO. Her corporate governance experience includes service on a number of private and public Boards, including Greystone Capital management Inc. (Regina), Canadian Foundation for Innovation ('CFI', Ottawa), the International Photodynamic Association, and Canadian Light Source ('CLS', Saskatoon), Canada's synchrotron light source and research facility. She served on Canada's National Research Council (2015-2021), including on the NRC's Departmental Audit Committee.

Ms. Cross has over 25 years' direct experience working with early-stage companies and 30 years' experience with public market securities. Earlier in her career, Ms. Cross was responsible for managing pension, pooled, mutual and private client funds as a Vice President with Royal Bank Investment Management Inc. Ms. Cross is a Chartered Financial Analyst (CFA) and has an MBA from York University and an HBA from the University of Western Ontario (Western University). In 2016, Ms. Cross was awarded the Meritorious Service Cross by the Governor General of Canada for her work developing photodisinfection technologies in Canada. She is also a recipient of the Queen Elizabeth II Diamond Jubilee Medal among other awards.

Nicolas Loebel, PhD

Chief Technology Officer and President

Appointed: February 22, 2017

Expertise: Research & development, regulatory & medical affairs, commercialization, corporate strategy

Committees: n/a

Dr. Loebel provides technical, scientific, and leadership vision for Ondine, with primary responsibility for the U.S. operations of the company. He has pioneered the development and clinical implementation of photodisinfection as an innovative, non-antibiotic approach to infection control, playing a central role in the translation of this technology from bench to bedside. Over the course of his career, Dr. Loebel has been widely recognized for his contributions to the field, receiving the 2017 Clinical PDT Research Excellence Award in Coimbra, Portugal, and the 2022 Lifetime Achievement Award from the International Photodynamic Association in Nancy, France.

A trained biomedical engineer, he brings over 30 years of experience in drug development, medical devices, and combination products, with deep expertise in regulatory strategy, manufacturing, and clinical trial oversight. Beyond his technical work, he plays an active role in business development, investor relations, and corporate finance across both private and public markets. Dr. Loebel has authored numerous scientific publications and patents, and is a regular international speaker on antimicrobial photodynamics, infection prevention, and healthcare innovation. He is committed to advancing technologies that address antimicrobial resistance and improve global health outcomes through safe, effective, and scalable solutions.

Board of Directors

Junaid Bajwa

Non-Executive Director

Appointed: November 15, 2021

Expertise: Leadership, strategy, financing, business development, corporate finance

Committees: Remuneration (*Chair*), Audit & Risk (*member*), Nominating & Governance (*member*)

Dr. Bajwa is the Senior Partner, Head of UK at Flagship Pioneering, and a practising NHS physician. He was previously the Chief Medical Scientist at Microsoft Research, where he focused on how trusted, reliable, and human-centered AI can transform the practice of medicine, and Global Lead for Strategic Alliances and Solutions for the Global Digital Centre of Excellence at Merck Sharp & Dohme, where he helped shape their global digital strategy. In partnership with Telefonica, he co-founded Velocity-Health, Europe's first prevention-focused digital health accelerator, supporting startups tackling chronic disease and preventative care. Dr. Bajwa's diverse background spans primary and secondary care, public health, policy, and payor systems, and he has served in both advisory and operational roles across the UK and internationally, including in the US, Australia, New Zealand, Singapore, and Europe. He was also seconded by the NHS to collaborate with IBM on healthcare innovation projects.

Dr. Bajwa holds an MBA from Imperial College Business School and has studied health strategy and quality improvement at Harvard University and the Institute for Healthcare Improvement in Boston. In addition to his industry work, he remains academically active as a Clinical Associate Professor at University College London and a Visiting Scientist at the Harvard School of Public Health. He is a recognized thought leader in digital health, informatics, and system-level transformation, contributing regularly to global forums on the future of healthcare.

Margaret Shaw

Non-Executive Director

Appointed: September 16, 2024

Expertise: Corporate Finance, strategy, risk management

Committees: Audit & RIsk (*Chair*), Nominating & Governance (*member*)

Ms. Shaw is a seasoned finance professional with extensive experience in investment management, capital markets, and strategic financial planning. Over the course of her career, she has held senior leadership roles at major Canadian financial institutions, including AGF Funds Inc. and CIBC, where she led high-performing teams and managed portfolios exceeding $700 million across diverse asset classes. Her expertise spans institutional fund management, risk mitigation, and investor relations, with a strong emphasis on disciplined performance and fiduciary responsibility. In addition to her industry roles, Ms. Shaw has contributed to internal governance initiatives and has been recognized for mentoring emerging professionals in the finance sector.

As a former Chartered Financial Analyst (CFA) and institutional portfolio manager, Ms. Shaw brings valuable financial oversight and strategic insight to the Board, strengthening its capacity to evaluate complex transactions and long-term funding strategies. She has a strong track record in corporate governance and has served on a number of committees focused on investment policy and enterprise risk. Ms. Shaw previously served on Ondine's Board from 2009 to 2011, and her return reflects a deep, ongoing commitment to the company's mission to address global healthcare challenges through innovative, science-driven technologies. Her combination of capital markets experience and long-term vision continues to support Ondine's growth and resilience in a rapidly evolving healthcare landscape.

Senior Leadership

Alan Thomas
Chief Financial Officer

Alan is a seasoned CFO with over 25 years of experience in both public and private sectors, including healthcare, biotech, and infrastructure. With a keen ability to identify key business drivers, Alan excels in strategic planning, organizational transformation, and capital optimization. At Ondine, Alan oversees financial strategy and operations, applying his expertise in fiscal leadership, risk management, and performance optimization to support the company's long-term growth.

Bill brings over 30 years of engineering expertise in medical devices, specializing in design for manufacturability, process development, and product design transfer. His experience spans electronic, mechanical, and optical systems for OEMs, including roles at Planetary Power, EKOS Corporation, Stratos Product Development, and Boston Scientific. At Ondine, Bill leads engineering and operations, ensuring innovation and quality. He drives scalable solutions supporting Ondine's global commercialization strategy.

Bill Kanz
Senior Vice President, Engineering

Simon Smith
Fractional Vice President, Commercial

Simon is an experienced and high achieving Executive. His experience in the Medical Technology Industry over the past 30 years has equipped him with a unique operational and strategic depth of knowledge of the sector. Simon has successfully led projects for the delivery of technologies onto the Global Healthcare Market and has a history of creating organic and non-organic growth for companies. His commercial experience has been gained with some of the industry's most prestigious companies, such as Johnson and Johnson, 3M and Molnlycke Health Care.

Roger directs Ondine's global regulatory and clinical programs, engaging with the FDA, Health Canada, and EU regulators. He previously practiced medicine and led a clinical research organization in Seattle. He has contributed to the clinical design of Ondine products and published extensively on photodisinfection. His expertise includes trial design, regulatory strategy, medical marketing, and infection prevention. Roger works closely with internal teams and external partners to ensure alignment with evolving international health regulations.

Dr. Roger Andersen
Vice President, Regulatory & Medical

Senior Leadership continued

Jason Hickok
Vice President, Clinical Affairs

Jason joined Ondine after 15 years at HCA Healthcare, where he helped establish the Infection Prevention Department and led major research collaborations with CDC and other public health institutions. His clinical background includes emergency medicine, critical care, and infection control. He is an active member of APIC, NAHQ, and NPSF, and a graduate of the NPSF Leadership Program, bringing deep healthcare quality expertise to his role.

Angelika is a communications leader with over 25 years of experience spanning marketing, strategy, and business planning. She has led large-scale projects and helped companies translate ideas into results across telecom and biomedical sectors. Since joining Ondine in 2018, she has applied her strategic and creative strengths to raise awareness of the company's mission and photodisinfection technology in the fight against antibiotic resistance.

Angelika Vance
Vice President, Corporate Communication

Dawn Nguyen
Vice President, Quality

Dawn brings more than 30 years of quality and regulatory experience in the medical device industry. At Ondine, she leads the quality management system, ensuring compliance with global standards and driving continuous improvement. Formerly at Philips Healthtech, she managed internal audits and regulatory readiness across North America. Her expertise spans quality engineering, CAPA leadership, and cross-functional team coordination

Nikita is a Canadian Chartered Professional Accountant with a strong background in financial planning, corporate governance, and strategic analysis. Prior to joining Ondine as Controller, he worked at Deloitte and Manning Elliott and later held FP&A and investor relations roles at Seaspan. He now leads financial operations at Ondine, supporting growth and process optimization through financial modeling and governance initiatives.

Nikita Parkev
Vice President, Finance

QCA Governance Compliance

Quoted Companies Alliance (QCA) Corporate Compliance

The Board of Directors is responsible for ensuring that Ondine provides long-term value to all of its stakeholders. By adopting the 10 principles of the QCA Code, the Board believes that we have established a governance foundation that will deliver long-term growth, while maintaining an agile management framework that empowers our team to collaboratively achieve results. Set out below is our Statement of Compliance with the key principles of the Code.

Governance Principle	Compliant
1. Establish a strategy and business model which promotes long-term value for shareholders. Ondine is a life sciences company revolutionizing how health-care professionals protect patients against infections amidst the rising tide of antimicrobial resistance. Our strategy is focused on positioning Ondine for future growth and creating long-term shareholder value by focusing on the development and broad commercialization of the photodisinfection treatment platform across multiple applications. The Board monitors alignment between the Company's purpose, strategy and culture through regular reporting from senior management, including updates on employee engagement, performance management and organizational development initiatives. In 2025, the Board oversaw a comprehensive HR framework enhancement to ensure alignment with Ondine's strategic priorities and values. See 'Business Model' on pages 8 to 9	✓
2. Promote a corporate culture that is based on ethical values and behaviours. The Board monitors corporate culture through regular reporting from senior management, including updates on employee engagement, recruitment, retention and performance management. Metrics such as employee turnover and organizational development progress are reviewed periodically. In 2025, the Board oversaw a comprehensive HR review and transformation programme, which included enhancements to compensation structures, recruitment processes and performance management systems. This initiative was reported to and monitored by the Board to ensure alignment with the Company's values and strategic objectives. Any cultural or organizational issues identified through management reporting are addressed through targeted action plans, with progress reviewed at subsequent Board meetings. See the 'Corporate Governance' section of our website ondinebio.com	✓
3. Seek to understand and meet shareholder needs and expectations. The Board recognizes the importance of engaging with its institutional and private investors. The Chief Executive Officer communicates regularly with shareholders to ensure that matters raised are discussed at Board meetings. The AGM provides an opportunity for the Board to formally meet with shareholders. See the 'Corporate Governance' section of our website ondinebio.com	✓

QCA Governance Compliance

Governance Principle	Compliant
4. Take into account wider stakeholder interests including social and environmental responsibilities and their implications for long-term success. We prioritize our corporate social responsibilities and understand that to fulfil them we need to develop and maintain long-term relationships with all our stakeholders. Ondine recognizes the importance of its wider stakeholders to the sustainability of its business. Ondine's Directors behave and carry out their activities to promote the long-term success of Ondine for the benefit of Ondine's shareholders, employees, distributors, customers, patients, clinical trial participants, suppliers and other stakeholders such as regulatory authorities. The Board receives information on stakeholders views through a range of mechanisms, including clinical and commercial updates, regulatory interactions, employee reporting and feedback from investor engagement activities. Ondine has built and maintained relationships with its stakeholders, and Ondine has taken steps to develop and strengthen them through dialogue and engagement. During 2025, Board decision-making was influenced by stakeholder considerations which informed the Company's strategic direction and resource allocation in its clinical trial prioritization and commercial market focus. The Board recognizes the increasing importance of environmental, social and governance (ESG) considerations in managing risk and delivering long-term value. Climate-related risks are considered as part of the Company's enterprise risk management framework, including potential impacts on supply chain and operational continuity. The Company monitors these factors through internal reporting and operational oversight. See the "Corporate Governance" section of our website www.ondinebio.com See 'Sustainability' on page 15 to 16.	✓
5. Embed effective risk management, internal controls and assurance activities considering both opportunities and threats, throughout the organization The Board is responsible for maintaining an effective system of risk management and internal controls to support the Company's strategy and safeguard shareholder value. An enterprise-wide risk assessment is performed annually by the Chairman and formally discussed at the Board level. This register is reviewed quarterly and updated as needed. This is also shared with Ondine's senior management, who have appropriate discussions with their teams to ensure delegation of key action items. See 'Risk Management' on pages 18 to 19	✓

QCA Governance Compliance

Governance Principle	Compliant

6. Establish and maintain the Board as a well-functioning, balanced team led by the Chair

✓

The Board is currently comprised of two Executive Directors and four independent Non-Executive Directors as described by the QCA code. The non-executive chair is responsible for running the Board.

The Executive Directors work full-time with the Company, and the Non-executive Directors commit the necessary time for the execution of their responsibilities, which at a minimum requires the following annual commitment: 4 Board meetings, 4 Audit Committee meetings, 2 Governance Committee meetings, and 2 Remuneration Committee meetings. Additional Board calls are held on an ad hoc basis.

During 2025, the Board held five scheduled meetings. The Audit & Risk Committee held four meetings, the Remuneration Committee held three meetings, and the Governance Committee held two meetings. Director attendance at these meetings is set out in the table below.

During 2025, Mr. Mike Farrar resigned from his position as Non-Executive Director following his appointment as the Interim Permanent Secretary of the Northern Ireland Executive Department of Health.

Attendance at Board meetings

The Directors' attendance at Board and committee meetings over the course of 2025 was as follows:

Director	Board Meeting	Audit Committee	Remuneration Committee	Nomination & Governance Committee
Jean Charest	● ● ● ● ●	● ● ● ●	● ○ ●	–
Carolyn Cross	● ● ● ● ●	● ● ○ ●	● ● ●	● ○
Nicolas Loebel	● ● ● ● ●	–	–	–
Jean Duvall	● ● ○ ● ●	–	● ● ●	● ●
Junaid Bajwa	● ● ● ● ●	● ● ● ●	● ● ●	● ●
Margaret Shaw	● ● ● ● ●	● ● ● ●	● ● ●	● ●
Mike Farrar*	● – – – –	–	–	–

● Attended ○ Did not attend

See 'Board of Directors' on page 21 to 23.

**Mike Farrar's term ended in 2025*

QCA Governance Compliance

Governance Principle	Compliant
7. Maintain appropriate governance structures that ensure that, individually and collectively, directors have the necessary up-to-date experience, skills and capabilities.	✓

Pages 21 to 23 of the Annual report describe the Board Directors' previous roles and experience, current external appointments and qualifications. Our Non-Executive Director group has a diverse mix of skills and experience gained through their many years in senior positions across multiple industries and sectors. The Directors are responsible for ensuring their skillsets are kept updated as required. As part of its annual assessment, the Board considers the balance of skills, experience, independence and knowledge of the Group on the Board and its diversity, and other factors relevant to the evaluation of its effectiveness.

During 2025, the Board reviewed its skills matrix to ensure that it maintains an appropriate balance of clinical, regulatory, commercial and financial expertise as the Company advances its development and commercialization activities. As part of this review, the Board identified a need to further strengthen its commercial expertise to support the Company's growth and market expansion.

Where new Board appointments are considered, the search for candidates will be conducted, and appointments made, on merit, against the skills matrix and with due regard for the benefits of diversity on the Board.

There were no changes to committee composition during the year.

See 'Board of Directors' on page 21 to 23.

8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✓

The Board conducts an annual evaluation survey, evaluate the Company and its own performance.

The results are discussed at the Governance Committee meetings, where a mitigating action plan is devised, and subsequently presented to the full Board. Follow up discussions are held at future Governance Committee meetings, with an annual status update to the full Board. The evaluation is conducted against the following topics:

i. Setting Strategy and Managing Corporate Risk
ii. Integrity of Financial Results and Internal Controls
iii. Board's Ability to Function Independently of Management
iv. Setting Policies and Mandates
v. Succession Planning and Knowledge of Key Personnel
vi. Compensation of Sr. Management and Directors
vii. Communication between Sr. Management and Board
viii. Effectiveness of the Setup and Operations of the Board and its Committees

The Board evaluation held in 2025 confirmed that the Board and its Committees continue to operate effectively. A continued focus area remains succession planning for key personnel, building on the actions identified in the prior year. Progress has been made in strengthening organisational depth and leadership capability.

Additional areas of focus identified during the 2025 evaluation included enhancing oversight of commercial execution and continuing to refine governance processes as the Company scales. The Board will continue to monitor progress against these priorities. A board performance evaluation was performed during the year, with certain recommendations made including a focus on succession planning for key personnel. The Board will continue to review this on an ongoing basis and take the necessary steps to implement the recommendations.

See 'Corporate Governance Report' on pages 31 to 34

QCA Governance Compliance

Governance Principle	Compliant
9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture	✓

The Company's remuneration policy is designed to support its purpose of improving patient outcomes through photodisinfection technology and to deliver its strategic objectives across clinical advancement, commercial expansion and operational excellence. Incentive structures are aligned to these strategic pillars, rewarding the achievement of key clinical, regulatory and commercial milestones.

It is the responsibility of the Remuneration Committee to determine overall corporate compensation philosophy and strategies as well as to determine the remuneration of Ondine's Board. No Director is involved in any decision as to his or her own remuneration. The overall Committee's objective is to deliver a remuneration programme which ensures that both short-term and long-term goals of the Company are achieved.

To attract, motivate, and retain key employees, the Company has implemented a long-term incentive plan (LTIP) that includes share options and RSUs, aligned with shareholder interests. Performance awards for Executive Directors are set at a maximum of 75% of base salary.

During 2025, the Company undertook a comprehensive review of its HR and remuneration framework, including compensation structures and performance management processes, to ensure alignment with the Company's strategy, market practice and long-term value creation objectives.

The Remuneration Committee reviews the Company's remuneration framework on a regular basis and undertook a review during 2025 to ensure continued alignment with the Company's strategy, market practice and shareholder expectations.

See "Corporate Governance" section of our website www.ondinebio.com

See 'Remuneration Report' on page 35 to 37

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.	✓

We are focused on ensuring we keep open communication channels with our stakeholders, internal and external, and that we provide transparency and openness regarding our dealings. We connect with our investor community through the AGM along with the Investor Conference Call. Ondine's website is regularly updated, where financial reports, notices of general meetings, and other corporate documents are readily available.

The Company also communicates through RNS announcements, a regular flow of news releases to business and trade media, and an external investor relations adviser.

ESG-related disclosures are included within the Company's Annual Report and will continue to be developed over time. The Company's corporate governance disclosures on its website have been reviewed and updated in line with the QCA Corporate Governance Code (2023) for the 2025 reporting year.

See "Corporate Governance" section of our website www.ondinebio.com

Corporate Governance Report

Our approach to governance

Ondine is dedicated to maintaining the highest standards of corporate governance throughout our operations and to ensuring that all practices are conducted transparently, ethically and efficiently.

Ondine's Board of Directors and Senior Management continuously monitor the evolution of the business, understanding that the changing needs of the Company will require a systemic review and improvements to our internal controls and procedures to ensure long-term growth for all stakeholders.

As part of this assessment, and in compliance with the updated AIM Rules for Companies, we have chosen to formalize our governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

Board of Directors

The Board of Directors is responsible for ensuring that Ondine provides long-term value to all of its stakeholders. The Board sets out the corporate strategy, provides oversight of senior management, and helps establish, approve, and monitor Ondine's objectives, budgets and corporate strategy. By adopting the ten principles of the QCA Code, the Board believes that we have established a governance foundation that will deliver long-term growth, while maintaining an agile management framework that empowers our team to collaboratively achieve results.

Governance and control environment

Ms. Margaret Shaw, Ms. Jean Duvall, and Dr. Junaid Bajwa chair Ondine's three key Committees, and formally report to the Board Chairman. The Committees are Audit & Risk Oversight, Nominating & Governance and Remuneration. The Board meets at least four times a year and includes discussions and reports from its three Committees as well as from key senior management, to ensure a holistic monitoring of Ondine's operations, growth strategy, and business risks. The Chairman is confident that the current Board and its Committees have the correct mix of skillsets that match the Company's current stage of development.

Ondine has established internal controls and processes as well as specific Committees in order to ensure that:

- the Board and its Committees have the right experience, skillsets, knowledge, and a balance of independence, to allow them to govern and enable long-term company growth and stakeholder success;
- Ondine is led by an effective and knowledgeable Board which is collectively responsible for the long-term success of the Company; and
- the Board establish a formal and transparent arrangement for considering how it applies the corporate reporting, risk management, and internal control principles and for maintaining an appropriate relationship with Ondine's auditors.

During the year, the Board comprised two Executive Directors and the Non-Executive Chairman, who is independent, and three other Non-Executive Directors, all of whom are independent of management. A full list of the Directors who served during the year, together with their skills and experience, is set out on pages 20 to 22 of this Annual Report.

Corporate Governance Report continued

Audit & Risk Oversight Committee

The purpose of the Audit & Risk Oversight Committee is to monitor the integrity of Ondine's financial statements. Some of the Audit & Risk Oversight Committee's duties include:

- monitor the integrity of financial statements;
- reviewing the accounting policies and reports produced by internal and external audit functions;
- considering whether Ondine has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- reporting its views to the Board of Directors if it is not satisfied with any aspect of the proposed financial reporting by Ondine;
- reviewing the adequacy and effectiveness of Ondine's internal financial controls and internal control system; and
- overseeing the appointment of and the relationship with the external auditor.

The Audit & Risk Oversight Committee has three members, all of whom are Non-Executive and independent Directors. At least one member has recent and relevant financial experience. The members are Margaret Shaw (Committee Chair), Junaid Bajwa, and Jean Charest. The Audit & Risk Oversight Committee meets at least four times a year at appropriate intervals in the reporting and audit cycle and otherwise as agreed between the members of the Committee or as required. The Audit & Risk Oversight Committee also meets regularly with the Company's external auditor.

Remuneration Committee

The purpose of the Remuneration Committee is to determine and agree with the Board regarding the framework or broad policy for the remuneration of Ondine's Chairman and the Executive Directors.

Some of the Remuneration Committee's duties include:

- reviewing the compensation structure across the Company, including the Board; and
- approving targets and performance-related pay schemes operated by Ondine.

The Remuneration Committee has three members, all of whom are Non-Executive and independent Directors. The members are Junaid Bajwa (Committee Chair), Jean Charest and Jean Duvall. The Remuneration Committee meets at least twice a year and otherwise as agreed between the members of the committee or as required.

Nominating & Governance Committee

The purpose of the Nominating & Governance Committee is to advise on nominations for Committee members, senior management and key advisors.

Some of the Nominating & Governance Committee's duties include:

- regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and Committee members and make recommendations to the Board with regard to any changes, succession planning and vacancies; and
- reviewing the structure of Ondine's senior management, assessing any necessary changes to its composition.

The Nominating & Governance Committee has three members, all of whom are independent Non-Executive Directors. The members are Jean Duvall (Committee Chair), Margaret Shaw and Junaid Bajwa. The Nomination & Governance Committee meets at least twice a year and otherwise as agreed between the members of the Committee or as required.

Share dealing code

The Board has adopted a code on dealings in relation to the securities in the Company. Directors and other relevant employees are required to comply with the Share Dealing Code and the Board takes proper and reasonable steps to secure compliance.

Internal control

The Board is responsible for the effectiveness of the Company's internal controls and is supplied with information to enable it to discharge its duties. Internal controls are designed to meet the particular needs of the Company and to manage rather than eliminate the risk of failure to meet business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The internal control system includes controls covering financial, operational and regulatory compliance areas together with risk management. The principal risks and uncertainties for the Company are set out on pages 18 to 19.

The Audit Committee monitors the Company's internal control procedures, reviews the internal control process and risk management procedures and reports its conclusions and recommendations to the Board.

Corporate Governance Report continued

External auditor service fees

The following represents the aggregate fees approved by the Audit Committee for services that may be provided by the external auditors for the years ended December 31, 2025 and 2024, which reflect the maximum amounts that may be incurred:

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Audit fees - Note 1	208,650	235,400
Audit related fees - Note 2	-	-
Tax fees - Note 3	73,028	94,481
All other fees - Note 4	-	-
	281,678	329,881

Notes:

1. Aggregate fees for professional services rendered by the external auditors for the audits of the annual financial statements and review of interim financial statements. Audit fees include fees for review of tax provisions and accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulations, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. Fees for services that are traditionally performed by the auditor. These audit-related services include due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. Fees for all tax services other than those included in “Audit fees” and “Audit-Related fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. All other non-audit services.

Employment and corporate culture

The Board’s objective is to enable a culture of integrity, transparency, ethics and high standards, and to ensure all of the Company’s operations are conducted in accordance with these principles.

- Employees and contractors are remunerated in line with their skills and competencies which are reviewed on an annual basis via an employee performance appraisal programme.
- The Company’s Policy & Procedures are in place which staff are given as part of their induction and can access at all times. Staff are made aware that they must adhere to these policies at all times and are encouraged to ask questions and seek clarification on anything they are unsure about.
- Anti-corruption & anti-bribery policy is in place and is readily available.
- The Company’s expectation of honest, fair and professional behaviour is reflected by this and there is zero tolerance for bribery or unethical behaviour by anyone relating to the business.
- A Whistleblowing policy is established with a third-party service provider, to enable staff to confidently raise any concerns directly with the Chairman, the Company Secretary or the Audit Committee. The Company considers it essential that all staff should be made to feel safe in their environment and therefore have the means available to freely discuss any issues that arise.

These values are exhibited in the written policies and working practices adopted by all employees in the Company. An open culture is encouraged within the Company, with feedback regarding process improvement and culture assessment sought out from all employees. As such, all employees are expected to conduct themselves in a manner that complies with these principles, to ask questions and raise concerns openly and promptly.

The CEO and senior management team monitors the Company’s cultural environment and seeks to address any concerns that may arise, escalating these to the Board as necessary.

Corporate Governance Report continued

Investor relations

The Board recognizes the importance of engaging with its institutional and private investors. The Chief Executive Officer communicates regularly with shareholders to ensure that matters raised are discussed at Board meetings.

The ways in which the Company seeks to engage with shareholders include:

- the AGM, which provides an opportunity for the Board to formally meet with shareholders;
- the Investor Conference Call, which provides feedback to investors and gives the opportunity for any questions or concerns that are raised to be addressed;
- through RNS announcements;
- through a regular flow of news announcements to business and trade media on Company and product developments;
- an active investor section of the Company's website which will include all the required regulatory information, news flow and RNS announcements; and
- an external third party to assist with investor relations services and communications.

The Board tries to proactively manage shareholders' expectations and seeks to understand the motivations behind shareholder voting decisions by engaging with the respective shareholders to gain insight into the reasons behind their actions and address any issues.

The people responsible for shareholder liaison and the points of contact for such matters are:

- The Chief Executive Officer
- Company Secretary
- Nominated Advisor and Broker
- PR Company

Details of the above people responsible for shareholder liaison can be found in the Investor Relations section of the Company website.

Remuneration Report

As the Board of Directors, it is our foremost duty to ensure that the Company's business and operational strategies are implemented by a high performing team. However, in today's fiercely competitive landscape for talent and skills, attracting, developing, and retaining the right talent has become a critical challenge. This is a global issue felt across most industries, including ours, and threatens the growth trajectory of businesses. As such, we are acutely aware of the need to prioritize talent management and retention more than ever to sustain our growth strategies.

It is the responsibility of the Remuneration Committee to determine overall corporate compensation philosophy and strategies as well as to determine the remuneration of Ondine's Board. No Director is involved in any decision as to his or her own remuneration. The overall Committee's objective is to deliver a remuneration programme which ensures that both short-term and long-term goals of the Company are achieved and to evolve this programme over time to reflect the opportunities and challenges faced by the Company along its growth trajectory.

In 2025, the Remuneration Committee reviewed and updated the executive and non-executive compensation and incentive schemes, and agreed to grants of bonuses and stock options in line with those schemes. The Committee also oversaw the key contingencies and performance levels attached to these schemes, and is confident that Ondine's approach to remuneration is competitive within the industry and in line with the Board's fiduciary duties.

Overview of Executive Directors' remuneration

The main elements of the remuneration package for the CEO and the President & Chief Technology Officer include base salary, annual cash bonuses and long-term incentives such as options and RSUs, and other benefits such as extended health, dental, disability, life insurance plans and income protection. The CMO is remunerated under contract.

Base salary

Base salaries are reviewed annually by the Remuneration Committee. In determining the base annual salary, the Remuneration Committee considers several factors, including the current position and development of the Company, individual contribution, as well as internal and external reference points including market salary for comparable organizations.

Annual bonus

The CEO and the President & Chief Technology Officer are eligible for a discretionary annual bonus which is paid in accordance with a bonus scheme developed by the Remuneration Committee. Bonuses paid are based on an assessment of performance against defined annual operational, financial, personal goals and corporate objectives. The bonus is capped at 75% of the base salary. Across the Company, senior managers are also eligible for discretionary bonus payments based on the delivery against personal and Company performance objectives. Compensation is set to incentivize for achieving corporate targets and key success factors relating to the advancement in People & Talent, Technology & Product Advancement, Finance, Quality & Production objectives.

2025 Performance Weightings

Objectives	Weighting
Commercial Progress	**20%**
Deploy into 20-25 new hospitals, including pilots in new territories	15%
Advance commercial readiness and market influence	5%
Clinical Development	**50%**
Commence U.S. Phase 3 clinical trial	30%
Conduct successful ICU study	15%
Expand evidence base to unlock broader adoption	5%
Operational Excellence & Organizational Readiness	**15%**
Ensure high quality, compliance, and supply readiness for clinical and commercial scale	5%
Drive operational efficiency and margin improvement	5%
Attract, retain and develop high-performing talent	5%
Capital Strategy & Investor Development	**15%**
Secure capital to fund operations and U.S. Regulatory Pathway	10%
Expand investor awareness and institutional interest	5%

Remuneration Report continued

Long-term incentives

Long-term incentive awards are an important component of Executive Directors' remuneration aimed at promoting the long-term success of the Company in alignment with the interests of the Company's shareholders and broader group of stakeholders. On November 1, 2021, the Board of Directors approved and adopted an amended stock option plan for the Company which provides for the grant of stock options to Directors, officers, employees and consultants subject to the specific provisions of the plan, and at such time and in such amounts as determined by the Board of Directors of the Company at its sole discretion.

The maximum number of options authorized for issuance is 10% of the issued and outstanding common shares at the time of grant of any option.

To ensure that the Company can attract, retain and inspire key talent, stock options and restricted stock units (RSUs) are key components to the Company's long term incentive plan (LTIP). Options may be granted on an annual basis pursuant to the Company's Option Plan dated November 1, 2021.

Performance awards for Executive Directors are set at a maximum of 75% of base salary. The details under the LTIP are provided in the table below. Under certain circumstances, including misconduct and non-performance, recovery and withholding of option provisions may be invoked.

Remuneration of the Chairman and Non-Executive Directors

Recognizing the importance of a strong Board of Directors, it is the Company's policy to provide fees that attract and retain skilled individuals with appropriate experience who can add value to the Board. Board fees are reviewed on an annual basis to ensure they remain competitive and adequately reflect the time commitments and overall contribution to the roles. Non-Executive Directors, however, do not normally participate in the performance-related compensation programmes. The Remuneration Committee is also responsible for making recommendations to the Board on the fees payable to the Chairman. The Board is also responsible for determining compensation payable to the Company's Non-Executive Directors and for ensuring that the compensation is consistent with best practices for our industry and scale of operations. No Director is involved in any decision as to his or her own remuneration.

Remuneration Report continued

The tables below detail Directors' remuneration for 2025, together with share and option interests.

Directors' remuneration during the 12-month period ending December 31, 2025

(All figures CAD)	Salary	Benefits	Bonus	Share based payments*	Director Fees	December 31, 2025	December 31, 2024
Executive:							
Carolyn Cross	554,217	61,068	352,791	68,016	-	1,036,092	1,777,952
Nicolas Loebel	516,504	48,428	329,272	573,477	-	1,467,681	1,542,880
Simon Sinclair*	–	–	–	–	–	–	294,034
Total executive	**1,070,721**	**109,496**	**628,063**	**641,493**	**-**	**2,503,773**	**3,614,866**
Non-Executive:							
Jean Charest	–	–	–	17,803	118,250	136,053	10,754
Jean Duvall	–	–	–	7,285	129,000	136,285	133,285
Junaid Bajwa	–	–	–	7,285	128,411	135,696	122,536
Craig Tooman**	–	–	–	–	–	–	79,737
Margaret Shaw	–	–	–	4,946	108,151	113,097	30,288
Michael Farrar***	–	–	–	1,553	13,438	14,991	58,036
Total non-executive	–	–	–	**38,872**	**497,250**	**536,122**	**434,635**
Total directors' renumeration	**1,070,721**	**109,496**	**682,063**	**680,365**	**497,250**	**3,039,895**	**4,049,501**

* *Simon Sinclair served as a director in 2024 and is included for comparative purposes only. He was not a Director during 2025.*
** *Craig Tooman served as a director in 2024 and is included for comparative purposes only. He was not a Director during 2025.*
*** *Michael Farrar served as a director until March 28, 2025.*

During the year-ended December 31, 2025, bonus amounts relating to prior year performance, totaling $100,000, were settled through the issuance of shares, and totaling $547,806 were paid. These amounts had been accrued in the prior year and were previously disclosed in the prior year remuneration report.

Directors' shareholdings

	December 31, 2025 Number of shares	December 31, 2025 %
Executive:		
Carolyn Cross	119,258,222	23.01%
Nicolas Loebel	3,897,413	0.75%
Total executive	123,155,635	23.76%
Non-Executive		
Jean Charest	353,356	0.07%
Jean Duvall	1,280,016	0.25%
Junaid Bajwa	1,304,808	0.25%
Margaret Shaw	301,200	0.06%
Michael Farrar*	484,806	0.09%
Total non-executive	3,724,186	0.72%
Total directors' shares	126,879,821	24.48%

* *Michael Farrar served as a director until March 28, 2025. Shareholding is disclosed as at the date of resignation.*

Directors' interests in share options

	December 31, 2024 Number of options	Granted during year	Exercised during year	Cancelled / Forfeited during year	December 31, 2025 Number of options	Vested but unexercised	Weighted Average Exercise Price $
Executive:							
Carolyn Cross	2,075,000	–	–	–	2,075,000	741,666	0.18
Nicolas Loebel	3,575,000	6,000,000	–	–	9,575,000	1,241,666	0.19
Total executive	5,650,000	6,000,000	–	–	11,650,000	1,983,332	
Non-Executive							
Jean Charest	140,000	200,000	–	–	340,000	100,833	0.33
Jean Duvall	75,000	75,000	–	–	150,000	45,833	0.25
Junaid Bajwa	75,000	75,000	–	–	150,000	45,833	0.25
Margaret Shaw	–	75,000	–	–	75,000	–	0.21
Total non-executive	290,000	425,000	–	–	715,000	192,499	
Total directors' options	5,940,000	6,425,000	–	–	12,365,000	2,175,831	

Financial Statements

Independent auditor's report

To the Shareholders of Ondine Biomedical Inc.

Our opinion

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

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of loss and other comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report continued

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 for the year ended December 31, 2025. 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 matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition *Refer to note 2(d) – Basis of preparation – Use of estimates, assumptions and judgments and note 3(l) – Material accounting policies – Revenue recognition. to the consolidated financial statements.* For the year ended December 31, 2025, the Company recognized revenue from sales of products of $2,646,000. The Company generates revenues from sales of hardware and consumables. Hardware sales consist of lasers. Consumables sales consist of single use disposable treatment kits. The Company has contracts with customers to deliver both lasers and consumables as part of a single arrangement. Management exercises judgment to evaluate these arrangements to determine whether the lasers and single use disposable treatment kits (goods) are considered distinct performance obligations that should be accounted for separately from each other. A good is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good is separately identifiable from other promises in the contract. Management has determined that the goods are distinct performance obligations. Revenue is allocated to the goods based on relative transaction prices and is recognized as goods are delivered to the customer. We considered this a key audit matter due to the judgment exercised by management to evaluate whether the goods are considered distinct performance obligations that should be accounted for separately in the arrangements. This in turn resulted in a high degree of auditor judgment and subjectivity in performing procedures. .	Our approach to addressing the matter included the following procedures, among others: • Assessed whether the goods are distinct performance obligations by considering for a sample of contracts whether the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the goods are separately identifiable from other promises in the contract. • Evaluated for a sample of contracts the reasonableness of the revenue allocation to each good by considering relative transaction prices per the contracts and the cost and expected gross margin of each good. • Tested for a sample of revenue transactions whether revenue is recognized as goods are delivered to the customer by inspecting relevant customer invoices and shipping documents.

Independent auditor's report continued

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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, 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.

Independent auditor's report continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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 Jessica Rockliff.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 3, 2026

Consolidated Financial Statements

Consolidated Statements of Financial Position

(In thousands of Canadian dollars)	Note	December 31, 2025 $	December 31, 2024 $
Assets			
Current assets			
Cash		**10,566**	9,767
Restricted cash	3	**-**	159
Accounts and other receivables	4, 17	**460**	513
Inventory	5	**1,821**	1,272
Prepaid expenses and deposits	6	**411**	477
Other current assets		**5**	–
		13,263	12,188
Non-current assets			
Property and equipment	7	**1,065**	597
Other assets	6	**53**	37
		1,118	634
Total Assets		**14,381**	12,822
Liabilities			
Current liabilities			
Accounts payable and other liabilities	8, 17	**10,483**	5,777
Current portion of lease liability	9	**312**	168
		10,795	5,945
Non-current liabilities			
Lease liability	9	101	–
		101	–
Total Liabilities		**10,896**	5,945
Equity			
Share capital	11	**288,194**	262,599
Contributed surplus		**10,528**	10,528
Reserves		**19,712**	19,182
Deficit		**(314,949)**	(285,432)
Total Shareholders' Equity		**3,485**	6,877
Total Liabilities and Shareholders' Equity		**$ 14,381**	12,822

Going concern – Note 1; Commitments and contingencies – Note 15; Subsequent events – Note 22.

Approved on behalf of the Board: Carolyn Cross Jean Charest

Consolidated Statements of Loss and Comprehensive Loss

(In thousands of Canadian dollars, except share and per share amounts)	Note	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Revenue	14,16	**$ 2,646**	2,049
Cost of goods sold	18	**(1,034)**	(728)
Gross profit		**1,612**	1,321
Expenses	19		
General and administration		**8,713**	9,934
Research and development		**21,229**	9,219
Marketing and sales		**1,115**	1,077
Depreciation and amortization	7	**522**	535
		31,579	20,765
Loss from operations		**(29,967)**	(19,444)
Other income (expense)			
Accretion and interest expense		**(21)**	(47)
Interest income		**366**	32
Change in fair value of warrant liability	10	**64**	327
Other income (expense)		**–**	(5)
Foreign exchange gain		**41**	39
		450	346
Net loss for the year		**(29,517)**	(19,098)
Other comprehensive loss			
Exchange differences on translation of foreign operations[1]		**(62)**	43
Total comprehensive loss		**$ (29,579)**	**(19,055)**
Net loss per share			
Basic and diluted		**$ (0.06)**	(0.07)
Weighted average number of shares outstanding			
Basic and diluted		**465,080,066**	274,600,777

[1] May be reclassified to profit or loss in subsequent periods.

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

Consolidated Financial Statements

Consolidated Statements of Changes in Equity

(In thousands of Canadian dollars, except share amounts)	Number of common shares (Note 11)	Share capital $	Contributed surplus $	Share–based payment reserve $	Currency translation reserve $	Accumulated Deficit $	Equity $
Balance, January 1, 2024	226,753,789	239,647	10,528	18,726	(482)	(266,334)	2,085
Issuance of share capital upon financing	161,769,559	22,653	–	–	–	–	22,653
Issuance of share capital for prepaid services	950,000	144	–	–	–	–	144
Issuance of share capital for directors' fees	3,431,312	452	–	–	–	–	452
Issuance of share capital for repayment of related party loans	7,763,770	1,117	–	–	–	–	1,117
Issuance of share capital for services received	1,217,647	184	–	–	–	–	184
Issuance of share capital for employee compensation	2,118,654	321	–	–	–	–	321
Share issuance costs	–	(1,919)	–	–	–	–	(1,919)
Share-based payments	–	–	–	895	–	–	895
Total comprehensive loss for the year	–	–	–	–	43	(19,098)	(19,055)
Balance, December 31, 2024	404,004,731	262,599	10,528	19,621	(439)	(285,432)	6,877
Balance, January 1, 2025	404,004,731	262,599	10,528	19,621	(439)	(285,432)	6,877
Issuance of share capital upon financing – Note 11	110,723,378	25,754	–	–	–	–	25,754
Issuance of share capital for services received – Note 11	2,778,822	650	–	–	–	–	650
Issuance of share capital for directors' fees – Note 11, 14	284,945	80	–	–	–	–	80
Issuance of share capital for employee compensation – Note 11, 14	358,422	100	–	–	–	–	100
Issuance of share capital on exercise of stock options – Note 12	216,666	394	–	(389)	–	–	5
Share issuance costs – Note 11	–	(1,383)	–	–	–	–	(1,383)
Share-based payments – Note 12	–	–	–	981	–	–	981
Total comprehensive loss for the year	–	–	–	–	(62)	(29,517)	(29,579)
Balance, December 31, 2025	**518,366,964**	**$ 288,194**	**$ 10,528**	**$ 20,213**	**$ (501)**	**$ (314,949)**	**$ 3,485**

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

Consolidated Financial Statements

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)	Note	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Cash flows from (used in) operating activities			
Net loss for the year		**(29,517)**	(19,098)
Adjustments for non-cash items:			
Depreciation of right-of-use assets	7	**336**	360
Depreciation and amortization of other property and equipment	7	**254**	205
Accretion and interest expense		**23**	29
Share-based payments	12	**981**	895
Non-cash salary compensation	11	**100**	321
Non-cash directors' fees	11	**80**	452
Non-cash consulting fees	11	**572**	184
Change in fair value warrant liability	10	**(64)**	(327)
Unrealized foreign exchange (gain) loss		**(478)**	(472)
Other		**69**	48
Changes in non-cash working capital	20	**3,797**	1,913
Net cash used in operating activities		**(23,847)**	(15,490)
Cash flows from (used in) financing activities			
Proceeds from share issuances	11	25,977	22,980
Proceeds from exercise of stock options	12	**4**	-
Share issuance costs	11	**(1,383)**	(1,919)
Loan proceeds from related parties		**-**	1,652
Loan repayments to related parties		**-**	(535)
Repayment of lease obligations	9	**(380)**	(429)
Interest paid		**-**	(12)
Net cash from financing activities		**24,218**	21,737
Cash flows used in investing activities			
Purchase of property and equipment	7	**(117)**	(10)
Net cash used in investing activities		**(117)**	(10)
Net increase in cash and restricted cash		**254**	6,237
Effect of foreign exchange rate change on cash and restricted cash		**386**	551
Cash and restricted cash, beginning of year		**9,926**	3,138
Cash and restricted cash, end of year		**10,566**	9,926

Cash and restricted cash are comprised of:

Cash	**10,566**	9,767
Restricted cash	**-**	159
Cash, cash equivalents and restricted cash, end of year	**10,566**	9,926

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

Notes to the Consolidated Financial Statements Year ended December 31, 2025 and 2024

1. Nature of operations and going concern

Ondine Biomedical Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on September 9, 1996. The Company is a biotechnology company engaged in the development and commercialization of innovative anti-infective therapies covering a broad spectrum of bacterial, fungal and viral infections primarily using antimicrobial photodynamic therapy ("aPDT") as a platform technology for its products, which are used as an alternative to the use of antibiotics. The Company's aPDT products employ laser-based activation of proprietary compounds to treat a wide range of medical infections. The address of the Company's corporate office is 888-1100 Melville Street, Vancouver, BC, Canada. The common shares of the Company are listed on the AIM Market of the London Stock Exchange under the symbol "OBI.L".

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet its obligations and continue its operations in the normal course of business for at least twelve months from December 31, 2025.

The Company has a history of incurring significant losses and as at December 31, 2025, had an accumulated deficit of $314,949 (December 31, 2024 - $285,432). As at December 31, 2025, the Company had a cash balance of $10,566 (December 31, 2024 - $9,767) and a positive working capital (current assets less current liabilities) balance of $2,468 (December 31, 2024 – $6,243). In the year ended December 31, 2025, cash used in operating activities totaled $23,847 (December 31, 2024 - $15,490).

The Company's ability to continue as a going concern is dependent on its ability to develop profitable operations and/or to continue to obtain the necessary financing to meet its corporate expenditures and discharge its liabilities in the normal course of business. The Company has raised financing subsequent to year-end (see Note 22), but it will need to raise funds through public or private equity and/or debt financings. Although the Company has been successful in completing financings in the past there can be no assurance that it will be successful in the future. These factors give rise to material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The consolidated financial statements do not give effect to adjustments to carrying values and to the classification of assets and liabilities that would be required if the Company were unable to continue as a going concern and such adjustments could be material.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The consolidated financial statements were approved and authorized for issue by the Board of Directors on June 3, 2026.

(b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis under the historical cost basis as stated in the accounting policies. The expenses within the consolidated statements of loss and comprehensive loss are presented by function. Refer to Note 19 for details of expenses by nature.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars. The parent company's functional currency is Canadian dollars while the functional currency of the Company's subsidiaries are their respective local currencies, except Ondine International Holdings Ltd and Ondine International A.G. whose functional currencies are United States dollars.

(d) Use of estimates, assumptions and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's knowledge of current events and actions the Company may undertake in the future, actual results may differ from the estimates and the differences may be material.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Significant judgments, estimates and assumptions used in applying the Company's accounting policies that have the most significant effects on the amounts in the consolidated financial statements are summarized below.

Notes to the Consolidated Financial Statements continued

2. Basis of preparation continued

Significant judgements

Going concern

Management applied judgment in determining that there are material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing corporate expenditures, discharge its liabilities for the ensuing year, and to fund planned development and commercialization of its goods, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Determining whether the goods are considered distinct performance obligations requires judgment. Management exercises judgment to evaluate these arrangements to determine whether the goods are considered distinct performance obligations that should be accounted for separately from each other. A good is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good is separately identifiable from other promises in the contract. Management has determined that the goods it sells have distinct performance obligations. Where a contract consists of more than one performance obligation, revenue is allocated to each based on their standalone selling price.

Estimates, assumptions and changes in estimates

Provision for excess and obsolete inventory

A significant estimate for the Company is its allowance for excess and obsolete inventory. The allowance is based upon management's assessment of a variety of factors, including, among other things, expected selling prices, technological change, product obsolescence, regulatory clearance timeframes, and the demand for the Company's products in the market as compared to the number of units currently on hand.

Share–based payments

Share-based payment charges are determined using the Black-Scholes option pricing model ("Black-Scholes model") based on estimated fair values of all share-based awards at the date of grant and are expensed to the statement of loss and comprehensive loss over each awards' vesting period. The Black-Scholes model utilizes subjective assumptions such as expected fair value of shares, volatility, expected life of the options, risk free interest rate, forfeiture rates and applicable future performance conditions and exercise patterns.

Share-based compensation provided to a consultant takes into account the number of warrants expected to vest based on achieving different milestones in relation to regulatory approval. It is reasonably possible that future estimates of the actual outcome and timing may be different than assumptions used in the preparation of these consolidated financial statements and a material change in share-based compensation reflected in the consolidated statement of loss and comprehensive loss may occur.

Income taxes

The Company's operations are conducted in multiple jurisdictions with complex tax laws and regulations that can require significant interpretation. As such, the Company and the tax authorities could disagree on tax filing positions and any reassessment of the Company's filing positions could result in material adjustments to tax expense, taxes payable and deferred income taxes.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies

The accounting policies below have been applied consistently by the Company and all of its subsidiaries.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its principal subsidiaries:

Name	Place of incorporation	Functional currency	Percentage of ownership
Ondine Research Laboratories	Washington, United States	USD	100%
Ondine Biomedical U.S., Inc.	Washington, United States	USD	100%
Champion ENT Products, Inc.	Wyoming, United States	USD	100%
Advanced Photodynamic Technologies, Inc.	Minnesota, United States	USD	100%
Sinuwave Technologies Corporation	Nevada, United States	USD	100%
Ondine Biomedical Limited	United Kingdom	GBP	100%
Ondine International Holdings Ltd.	Barbados	USD	100%
Ondine Bio Inc.	Canada	CAD	100%
Photobio Medical Inc.	Canada	CAD	100%
Ondine International AG	Switzerland	USD	100%

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns though its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions are eliminated in the consolidated financial statements.

b) Foreign currency

The consolidated financial statements are presented in Canadian dollars.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's subsidiaries at exchange rates as of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates in effect at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate in effect when the fair value was determined. Foreign currency differences are generally recognized in net income or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated to the functional currency using the exchange rate in effect at the date of the transaction giving rise to the item.

Foreign operations

The assets and liabilities of foreign operations are translated to the presentation currency using exchange rates at the reporting date. The income and expenses of foreign operations are translated to the presentation currency using the monthly average exchange rates. Foreign currency differences are recognized in other comprehensive income or loss.

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

(c) Cash, cash equivalents and restricted cash

Cash includes cash on hand and restricted cash includes deposits relating to the acquisition of common shares of Ondine International A.G.

(d) Inventory

Inventory cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production under normal operating capacity which include direct materials, labor and overhead. Under this allocation method, fixed overheads and direct labour are absorbed into inventory costs up to the normal capacity of the production facilities. Any overhead and direct labour costs incurred due to production being below normal capacity are excluded from the cost of inventories and are charged directly to the consolidated statements of loss and comprehensive loss against general and administrative expenses for the period in which they arise.

Raw materials are recorded at the lower of cost, determined on a specific item basis, and replacement cost. Finished goods are recorded at the lower of weighted average cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The Company assesses the net realizable value of inventory at each reporting date.

Lasers are held in inventory as finished goods until they are either sold or deployed as demonstration equipment, at which point they are transferred to property and equipment.

(e) Financial instruments

(i) Financial assets

All financial assets are initially recorded at fair value and upon initial recognition are classified as those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI") or profit or loss ("FVTPL")) or those to be measured at amortized cost. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets classified as amortized cost are measured using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

In accordance with IFRS 9, Financial Instruments ("IFRS 9"), all of the Company's financial assets, which consist primarily of cash and accounts receivable, are categorized at amortized cost.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and upon initial recognition are either designated as FVTPL or classified as amortized cost.

Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs and, after initial recognition, are subsequently measured at amortized cost using the effective interest method. Financial liabilities designated as FVTPL include financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities designated as FVTPL are expensed as incurred. Fair value changes on financial liabilities designated as FVTPL are recognized through profit or loss.

(iii) Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(f) Property and equipment

Items of property and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes any expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Gains and losses on the disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment.

Depreciation is calculated on a straight-line balance basis over their useful lives and are generally recognized in profit or loss.

Estimated useful lives of property and equipment are as follows:

Computer equipment	3 years
Laboratory and office equipment	3 years
Furniture and fixtures	5 years
Manufacturing equipment and tools	5 years
Demonstration equipment	5 years
Leasehold improvements	Term of lease
Right–of–use assets	Term of lease

Depreciation methods, useful lives and residual values are reviewed at the reporting date and adjusted as appropriate.

(g) Impairment

(i) Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of accounts receivable.

The Company measures the loss allowance on accounts receivable at an amount equal to the lifetime ECL. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Company's historical credit losses experienced and are updated to reflect the effects of the current conditions and forecasts of future conditions that did not affect the period on which the historical data is based.

Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to make contractual payments for a period of greater than 90 days past due.

(ii) Impairment of non–financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down to its recoverable amount. An impairment loss is charged to profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units" or "CGU"s). These are typically individual properties or projects.

(h) Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. Common shares are classified as equity instruments. Costs incurred to issue shares are deferred until the shares are issued, at which time these costs are charged against share capital.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

(i) Share–based payments

The Company grants stock options and warrants to employees, directors, officers and consultants pursuant to the stock option plan described in Note 12. The fair value method of accounting for share–based compensation transactions is used.

For graded vested share options, IFRS 2, Share–based Payment ("IFRS 2") requires the use of the attribution method, which requires that the Company treat each installment as a separate share option grant with a different fair value.

The fair value of share–based payments to non–employees is based on the fair value of the goods or services received, when these can be measured reliably. In the event that no reliable measurement can be made, the fair value of the options and warrants granted will be used.

(j) Income taxes

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash outflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Management uses judgment to estimate the amount, timing and probability of the liability based on facts known at the reporting date. The unwinding of the discount is recognized as a finance cost.

(l) Revenue recognition

The Company generates revenues from sales of hardware and consumables. Hardware sales consist of lasers. Consumable sales consist of single use disposable treatment kits. Product revenues are derived primarily from standard direct order product sales. The Company has contracts with some customers to deliver both lasers and consumables as part of a single arrangement.

Revenue is allocated to the respective performance obligation based on relative transaction prices and is recognized as goods are delivered to the customer. Revenue is measured as an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue from the sale of goods in the normal course of activities is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. The Company recognizes revenue when customers obtain control of the goods, which is when transfer of title of ownership of goods have passed and when there is a present right to payment, invoices are generated and revenue is recognized at that point in time.

(m) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the Company's consolidated statements of loss and comprehensive loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

resources to complete development and to use or sell the asset. The expenditure capitalized will include the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures will be measured at cost less accumulated amortization and accumulated impairment losses.

To date, all of the research and development ("R&D") costs have been expensed as all of the criteria for capitalization have not yet been met.

(n) Loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflects the potential dilution of securities that could share in earnings of an entity. For years where the issue of shares upon the exercise of stock options and/or warrants would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

(o) New and amended standards adopted by the group

The Company adopted the narrow-scope amendments to IAS 8 - Accounting Policies, Change in Accounting Estimates and Errors effective February 1, 2023. These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates. These amendments had no material impact on the financial statements.

The Company adopted the narrow-scope amendments to IAS 1 – Presentation of Financial Statements effective February 1, 2023. These amendments improve accounting policy disclosures. These amendments had no material impact on the financial statements.

(p) New standards and interpretations not yet adopted

The International Accounting Standards Board issued IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18"), in April 2024, which is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application. IFRS 18 introduces a specified structure for the income statement by mandating income and expenses be presented in the three main categories of operating, investing and financing, with specified and defined subtotals. IFRS 18 allows for the use management-defined performance measures ("MPMs"), which are certain subtotals of income and expenses in public communications outside the financial statements to communicate management's view of certain aspects of financial performance of the entity to users, which are not already included in the new presentation of the income statement. IFRS 18 requires companies to disclose the use of MPMs and provide explanations around these measures and reconciliations to specified IFRS subtotals. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation that apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect the classification of items in other comprehensive income (loss).

The Company is currently assessing and quantifying the effect of this standard on the financial statements. The standard is expected to result in changes to the presentation of the Consolidated Statements of operations of Loss and Comprehensive Loss, requiring the classification of income and expenses into the three main categories of operating, investing and financing. Expected changes include items such as foreign exchange and interest will now be categorized based on the items that gave rise to the exchange difference or interest, rather than being reported under one line within the income statement. The statements of cash flows will begin with the new IFRS 18 defined subtotal of operating profit. Company will also implement additional note disclosure of any identified MPMs. The Company expects to apply IFRS 18 on its effective date with full retrospective application, including restatement of comparative information.

Notes to the Consolidated Financial Statements continued

The International Accounting Standards Board issued amendments to IFRS 7 - Financial Instruments: Disclosures ("IFRS 7") and IFRS 9 - Financial Instruments ("IFRS 9"), in May 2024, that clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The effective date is for annual periods beginning on or after January 1, 2026. The amendment is expected to have minimal effect on the timing of recognition and derecognition of the Company's financial assets and liabilities. The Company expects to apply the exception for all electronic payment systems to deem these financial liabilities to be discharged before the settlement date.

4. Accounts and other receivables

		December 31, 2025 $	December 31, 2024 $
Trade receivables	$	411	458
Other receivables		49	55
	$	460	513

5. Inventory

		December 31, 2025 $	December 31, 2024 $
Raw materials	$	809	502
Work–in–progress		224	160
Finished goods		788	610
	$	1,821	1,272

During the year ended December 31, 2025, raw materials, work-in-progress and finished goods included in cost of goods sold amounted to $879 (December 31, 2024 – $650). During the year ended December 31, 2025 and 2024, inventory valued at $87 and $48, respectively, was written off and reflected within cost of goods sold.

6. Prepaids and deposits, and non–current assets

		December 31, 2025 $	December 31, 2024 $
Prepaid insurances		73	87
Prepaid inventory		102	81
Prepaid services		120	193
Prepaid subscriptions		76	48
Deposits		53	37
Other prepaid costs		40	68
		464	514
Less: Current portion of prepaid expenses and deposits		411	477
Other non-current assets	$	53	37

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

7. Property and equipment

The Company's property and equipment gross carrying amounts and accumulated depreciation were as follows:

	Computer equipment	Furniture and fixtures	Lab and office equipment	Leasehold improvements	Manufacturing equipment and tools	Demo equipment	Right-of-use	Total
Cost								
Balance, January 1, 2024	134	52	248	311	323	233	1,065	2,366
Additions	3	–	7	–	–	–	–	10
Transfers and other	–	–	–	–	–	163	–	163
Disposals and derecognition	–	–	(10)	–	–	–	(178)	(188)
Exchange adjustment	11	2	21	22	28	(1)	78	161
Balance, December 31, 2024	148	54	266	333	351	392	965	2,512
Additions	17	–	24	–	76	–	600	717
Transfers and other	–	–	–	–	–	364	–	364
Disposals and derecognition	(5)	–	–	(25)	–	(24)	(923)	(977)
Exchange adjustment	(7)	(1)	(13)	(13)	(18)	(1)	(40)	(96)
Balance, December 31, 2025	**$ 153**	**$ 53**	**$ 277**	**$ 295**	**$ 409**	**$ 731**	**$ 602**	**$ 2,520**
Accumulated depreciation								
Balance, January 1, 2024	77	41	190	295	157	71	586	1,417
Additions	38	4	30	12	57	64	360	565
Transfers and other	–	–	–	–	–	–	–	–
Disposals and derecognition	–	–	(10)	–	–	–	(178)	(188)
Exchange adjustment	8	1	18	21	17	–	56	121
Balance, December 31, 2024	123	46	228	328	231	135	824	1,915
Additions	25	4	31	5	59	130	336	590
Disposals and derecognition	(5)	–	–	(25)	–	(9)	(923)	(962)
Exchange adjustment	(6)	(3)	(9)	(13)	(14)	(2)	(41)	(88)
Balance, December 31, 2025	**$ 137**	**$ 47**	**$ 250**	**$ 295**	**$ 276**	**$ 254**	**$ 196**	**$ 1,455**
Net book value								
December 31, 2024	25	8	38	5	120	260	141	597
December 31, 2025	**$ 16**	**$ 6**	**$ 27**	**$ –**	**$ 133**	**$ 477**	**$ 406**	**$ 1,065**

During the year ended December 31, 2025, depreciation of $68 (December 31, 2024 – $30) was allocated to cost of goods sold, and $521 to the consolidated statements of loss and comprehensive loss against general and administrative expenses (December 31, 2024 – $535).

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

8. Accounts payable and other liabilities

	December 31, 2025 $	December 31, 2024 $
Accounts payable	$ 1,036	1,586
Accrued liabilities	7,264	1,739
Employee related payables	1,972	2,375
Accrued interest	73	77
Current other liabilities	138	–
	$ 10,483	5,777

9. Lease liability

	Office Spaces and facilities $
As at January 1, 2024	$ 541
Additions	–
Interest accretion	29
Lease payments	(429)
Exchange adjustment	27
As at December 31, 2024	**$ 168**
As at January 1, 2025	$ 168
Additions	600
Interest accretion	23
Lease payments	(380)
Exchange adjustment	2
As at December 31, 2025	**$ 413**

	December 31, 2025 $	December 31, 2024 $
Current portion	312	168
Non-current	101	–
Total lease liability	413	168

On February 1, 2025, the Company entered into a 24 month property lease with a maturity date of January 31, 2027 and an effective interest rate of 5.00%.

On June 1, 2025, Ondine Research Laboratories, Inc., a subsidiary of the Company, entered into a 24 month property lease with a maturity date of May 31, 2027 and an effective interest rate of 6.14%.

The Company's leases are for office spaces and a laboratory facility. The expense relating to variable lease payments not included in the measurement of lease obligations was $209 (December 31, 2024 - $253). This consists of variable lease payments for operating costs and property taxes. Total cash outflow for leases was $584 (December 31, 2024 - $681), including $352 (December 31, 2024 - $399) of principal payments on lease obligations.

As at December 31, 2025, the minimum annual payments under these leases, including an estimate of operational costs for its office and laboratory premises based on current costs, is provided below.

	$
2026	404
2027	131
	535

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

10. Warrant liability

	Units	Amount
Balance, December 31, 2024	25,265,977	–
Issued	1,450,000	64
Expiration	(26,715,977)	(64)
Balance, December 31, 2025	–	–

On May 9, 2024, as part of the Company's finance raise, 25,265,977 warrants were granted with an exercise price of £0.15 ($0.26) and an expiration date of February 9, 2025 in which key management personnel received 2,039,989 warrants.

The fair value of warrants granted were estimated with the Black-Scholes model using the following assumptions at the time of grant on January 28, 2025:

Dividend yield	0%
Expected volatility	82%
Risk-free interest rate	2.83%
Expected life of options (years)	0.9
Forfeiture rate	0%

Volatility was estimated by using the historical volatility of the Company's trading history and volatility history. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on Canadian government benchmark bonds with a term equal to or a remaining term that approximates the expected life of the warrants.

Issuance costs for the warrants of $nil were recorded in the Comprehensive Statements of Loss and Comprehensive Loss.

As at December 31, 2025, warrants outstanding had a remaining contractual life of 0.0 years (December 31, 2024 – 0.1).

11. Share capital

(a) Common Stock

Authorized

An unlimited number of common shares without par value.

Issued

As at December 31, 2025, the Company's issued share capital consisted of 518,366,964 common shares (December 31, 2024 – 404,004,731).

On January 27, 2025, the Company issued 38,033,412 common shares at US$0.11 ($0.15) per share. The Company incurred legal costs of $22 directly related to the completion of the finance raise. The costs incurred were recorded to equity in the consolidated statement of financial position.

On March 25, 2025, the Company issued 1,178,365 common shares at a share price of $0.18 to the Royal Columbian Hospital Foundation as part of the collaborative research project for an intensive care unit pilot study upon achievement of the second milestone for enrolling the first patient in the trial. The share price was based on the closing market price of the Company's common shares on the London Stock Exchange two business days preceding the milestone.

On July 28, 2025, the Company issued 800,457 common shares at share price of $0.27 to the Royal Columbian Hospital Foundation upon achievement of the third milestone for enrollment of the final patient in the study.

The fourth and final milestone of the collaborative research project with Royal Columbian Hospital Foundation was achieved in 2026. See Note 22.

On September 3, 2025, the Company issued 74,133,333 common shares at a price of £0.15 ($0.28) of which 284,945 common shares were issued for payment of directors' fees, 358,422 common shares were issued for as compensation for key management personnel who is a related party, and 800,000 common shares were issued for services rendered. The Company incurred legal, advisory and disbursement costs of $1,583 directly related to the completion of the finance raise. The costs incurred were recorded to equity in the consolidated statement of financial position.

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

12. Share-based payments

(a) Stock Option Plan

On November 1, 2021, the Board of Directors approved and adopted an amended stock option plan for the Company which provides for the grant of stock options to directors, officers, employees and consultants from time to time at the discretion of the directors. Under the terms of the amended stock option plan, the maximum number of options authorized for issuance is 10% of the issued and outstanding common shares in any 10-year period for any employee share scheme and the maximum number of options authorized for issuance is 5% of the issued and outstanding common shares in any 10-year period for any executive share scheme. As at December 31, 2025, the maximum number of total options that can be outstanding are 51,836,696 (December 31, 2024 – 40,400,473).

A summary of the status of the stock options outstanding is as follows:

	December 31, 2025		December 31, 2024	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding, beginning of year	**12,605,000**	**0.34**	3,690,000	0.81
Options granted	**10,115,285**	**0.21**	9,225,000	0.15
Options exercised	**(216,666)**	**0.02**	-	-
Options expired	**(235,000)**	**0.90**	-	-
Options forfeited	**(3,471,119)**	**0.21**	(222,500)	0.42
Options cancelled	**(169,166)**	**0.86**	(87,500)	0.70
Outstanding, end of year	**18,628,334**	**0.28**	12,605,000	$ 0.34
Exercisable, end of year	**5,304,568**	**0.48**	2,170,000	$ 0.83

Share-based payments expense for the year ended December 31, 2025, in the amount of $981 (December 31, 2024 – $895) was recorded.

The outstanding options for the year ended December 31, 2025 is as follows:

Exercise price $	Number of options	Remaining life (years)
0.14	210,000	3.53
0.15	8,818,334	3.06
0.20	6,000,000	7.15
0.21	500,000	4.08
0.29	10,000	2.24
0.29	300,000	7.70
0.36	310,000	1.75
0.49	350,000	1.74
0.90	805,000	0.52
0.93	1,225,000	1.10
3.00	100,000	0.55
0.28	18,628,334	4.19

The fair value of stock options granted during the year ended December 31, 2025 and 2024 were estimated with the Black-Scholes model using the following assumptions at the time of grant:

	2025	2024
Dividend yield	0%	0%
Annualized volatility	85% - 100%	81% - 97%
Risk-free interest rate	2.89% - 2.97%	3.46% - 3.52%
Expected life of options (years)	5 - 8	5
Forfeiture rate	10%	12%

Volatility was estimated by using the historical volatility of other companies that the Company considers comparable that have trading history and volatility history. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on Canadian government benchmark bonds with a term equal to or a remaining term that approximates the expected life of the options.

The weighted average fair value of stock options granted during the twelve months ended December 31, 2025, was $0.16 per option (December 31, 2024 - $0.12). As at December 31, 2025, stock options outstanding had a remaining contractual life of 4.19 years (December 31, 2024 – 3.50 years).

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

12. Share-based payments continued

(b) Warrants

On May 30, 2020 and December 1, 2021, the Company granted warrants entitling the holders to acquire common shares of the Company as consideration for ongoing consulting and advisory services. A summary of the status of the warrants outstanding is as follows:

	December 31, 2025		December 31, 2024	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Outstanding, beginning of year	350,000	7.06	2,295,845	1.08
Warrants expired	(350,000)	7.06	(1,945,845)	–
Outstanding, end of year	–	–	350,000	7.06
Exercisable, end of year	–	–	350,000	7.06

As at December 31, 2025, warrants outstanding had a remaining contractual life of 0.0 years (December 31, 2024 – 0.4 years).

13. Income taxes

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates to the earnings before income taxes. A reconciliation to the effective tax is as follows:

	Years ended December 31, 2025 $	Years ended December 31, 2024 $
Loss before income taxes	$ (29,518)	(19,098)
Statutory income tax rate	27%	27%
Income tax (recovery)	$ (7,970)	(5,156)
Non-deductible expenses	(556)	1,056
Tax rate differences	906	633
Other differences	566	295
Foreign exchange differences	1,013	(1,640)
True up: adjustment of provision to tax return	(128)	162
Change in unrecognized deferred tax assets	6,169	4,650
Income tax (recovery)	$ –	–

Deferred income tax assets are only recognized to the extent that the realization of tax loss carry-forwards is determined to be probable. As at December 31, 2025, the Company has not recognized any income tax assets.

Effective January 1, 2019, the Canadian federal and British Columbia provincial corporate tax rates are 15% and 12%, respectively. All deferred tax assets and liabilities are measured at the combined 27% tax rate. As a result of tax legislation enacted in the U.S. at the end of 2017, the federal U.S. corporate tax rate applicable to years subsequent to 2017 was substantially reduced.

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

13. Income taxes continued

The Company has unrecognized deferred tax assets and liabilities as follows:

	December 31, 2025 $	December 31, 2024 $
Deferred tax assets:		
Tax losses carried forward	$ 41,745	36,252
General Business Credit	2,296	2,196
Other	(109)	(488)
Amortization of research and development expenses	1,907	1,644
Share issue costs	798	982
Equipment and leasehold improvements	295	177
Total deferred tax assets	46,932	40,763
Total deferred tax liabilities	–	–
Unrecognized deferred tax asset	(46,932)	(40,763)
Net deferred tax assets	$ –	–

The Company has non-capital loss carryforwards in Canada of $95,667, in the United States of US$51,782 ($70,973), in Barbados of US$1,651 ($2,262), in Switzerland of US$4,920 ($6,744) and in the United Kingdom of £32 ($58), all expiring between 2026 – 2045. The losses are available to reduce taxable income in Canada, the US, Barbados and UK respectively. As at December 31, 2025, the non-capital loss carryforwards that expire on December 31 of each respective year are as follows:

Expiry date	Amount $
Pre-2034	61,211
2035	3,890
2036	3,021
2037	2,915
2038	8,371
2039	9,119
Thereafter until 2045	87,177
	$ 175,704

14. Related party transactions

(a) Revenues, product shipments and expenses

Product sales for the year ended December 31, 2025 of $nil (December 31, 2024 – $28) were to a related company for which revenue was recognized. An additional $6 (December 31, 2024- $31) of products were shipped to the related party during the year ended December 31, 2025, but revenue was not recognized as the conditions for revenue recognition were not met. The costs of these shipments were included in the consolidated statements of loss and comprehensive loss against general and administrative expenses. Revenue related to these shipments will be recognized in future periods once the revenue recognition criteria have been met.

(b) Compensation of key management personnel

The Company's key management personnel have the authority and responsibility for planning, directing and controlling activities of the Company and consists of the Company's executive officers and directors.

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Compensation and other short-term benefits	2,198	3,268
Directors' fees (i)	497	475
Share-based payments (ii)	689	396
Consulting expenses (iii)	732	221
	4,116	4,360

(i) On September 3, 2025, as part of the Company's finance raise, directors' fees of $80 were paid in the form of Common Shares.

(ii) On January 28, 2025 and February 21, 2025, the Company granted 9,815,286 stock options to key management personnel.

(iii) Expenses incurred for consulting services provided by companies under the control of an officer and a related party of the Company.

(iv) On September 3, 2025, as part of the Company's finance raise, bonus obligations owing to a key management personnel related to a prior year of $100 were paid in the form of common shares.

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

14. Related party transactions continued

(v) On September 3, 2025, as part of the Company's finance raise, a key management personnel subscribed for 716,845 Common Shares for total proceeds of $200.

(vi) During the year ended December 31, 2025, bonus obligations owing to key management personnel related to a prior year of $548 were paid in cash.

(c) Related party balances

As at December 31, 2025, there was $1,235 (December 31, 2024 - $1,322) of related party balances included in accounts payable and other liabilities. Loans payable to related parties are due to the personal holding company of a key management personnel. The loans payable to related parties are unsecured and bear no interest. No amount payable was in respect of services provided. The related party balances included in accounts payable and other liabilities consist of the bonus payable and the current portion of loans payable to related parties.

15. Commitments and contingencies

Open purchase order commitments as at December 31, 2025 were $7,091 (December 31, 2024 – $16,877) for the FDA Phase 3 clinical trial, clinical services, the purchase of inventory and contracted development.

The Company and its subsidiaries may, from time to time, be a party to certain legal disputes and claims arising from employment, environmental or commercial issues in the normal course of business. The Company has the following contingency at December 31, 2025:

(i) The Company's Barbadian subsidiary held intellectual property in Barbados until December 22, 2022. As a result of the Barbados Companies (Economic Substance) Act passed in 2019, the Barbadian subsidiary must comply with economic substance requirements set out in the legislation. If the Barbadian subsidiary cannot establish economic substance in Barbados, the Barbadian subsidiary could be subject to additional financial penalties and/or could be struck from the register of companies.

On December 22, 2022, the Company transferred the intellectual property from the Barbadian subsidiary to a new Swiss subsidiary via an intercompany sale at a fair value which was determined by an independent third party. Challenges from Barbadian, Swiss, Canadian or United States authorities regarding any of the foregoing, which results in an unfavorable outcome, could have a material impact on the financial position and operating results of the Company.

16. Segmented information

Management has determined that the Company has one reportable operating segment, aPDT products. This segment accounts for all of the Company's revenue, cost of goods sold and operating expenses. Determination of the operating segment was based on the level of financial reporting to the Company's chief operating decision maker. Revenues are attributed to the geographic area where the customer is located.

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Product revenue		
Canada	**2,131**	1,969
United Kingdom	**567**	45
Other	**(52)**	35
	2,646	2,049

Revenue from significant customers are as follows:

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Customer 1	**967**	773
Customer 2	**598**	–
Customer 3	**258**	–
Customer 4	**–**	328
Other	**823**	948
	2,646	2,049

A summary of non-current assets (excluding other assets) by geographical area based on the location of the asset is as follows:

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Canada	**394**	243
United States	**671**	354
	1,065	597

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

17. Financial risk management and financial instruments

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is not based on observable market data.

As at December 31, 2025, the carrying values of cash, restricted cash, accounts and other receivables, and accounts payable and other liabilities approximate their fair values because of their nature, relatively short maturity dates.

(a) Management of risks arising from financial instruments

The overall responsibility for the establishment and oversight of the Company's risk management policies resides with the Board of Directors. The Company's risk management policies are established to identify, analyze and manage the risks faced by the Company and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Company's activities and to ensure applicability. The Company, through its financial assets and liabilities, is exposed to certain risks as follows:

Credit risk

The Company is exposed to credit risk arising from the possibility that cash held, and accounts receivable are non-recoverable. However, the Company believes that its exposure to credit risk in relation to the cash and receivables is low. All of the cash held by the Company and its subsidiaries was held with reputable financial institutions. Since the majority of the Company's customers are considered to have low default risk and its historical default rate and frequency of losses are low, the lifetime expected credit loss allowance as at December 31, 2025 is shown in the table below.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized as at December 31, 2025 and December 31, 2024 summarized below:

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Classes of financial assets – carrying amounts		
Cash and cash equivalents	**10,566**	9,767
Restricted cash	**–**	159
Accounts receivable, net of credit loss allowance	**460**	513
	11,026	10,439

The aging of the Company's accounts receivable is as follows:

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Trade accounts receivable, net of credit loss allowance		
Current	**407**	331
Past due 1 to 30 days	**4**	127
	411	458
Other receivables	**49**	55
	460	513

The change in the Company's credit loss allowance for provision is as follows:

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Balance – beginning of year	**58**	903
Credit loss expense – net of reversals	**(58)**	19
Write-offs	**–**	(864)
Balance – end of year	**–**	58

One customer represented 43% (December 31, 2024 - 1%) of total trade receivables as at December 31, 2025. The Company has not experienced credit losses in respect of this customer and monitors its credit quality on an ongoing basis.

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

17. Financial risk management and financial instruments continued

Foreign currency risk

The results of the Company's operations are subject to currency transaction and translation risks. The fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada, the United States, the United Kingdom, Barbados, and Switzerland and is exposed to foreign exchange risk due to fluctuations in the U.S. Dollar ("US$"), Great British Pound ("GBP" or "£"), Barbadian Dollar, and Swiss Franc against the Canadian dollar. Foreign exchange risk arises from financial assets and liabilities denominated in currencies other than the functional currency of the respective entities. The Company's primary risk is associated with fluctuations between the US$ and Canadian dollar, and the GBP and Canadian dollar.

The Company has determined that the effect of a 10% increase or decrease in the US$ and GBP against the Canadian dollar on net financial assets and liabilities, as at December 31, 2025, including cash, accounts receivables, accounts payable and other liabilities denominated in US$, and GBP would result in an increase or decrease of approximately $732 (December 31, 2024 – $498) in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2025.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company did not incur or have any other significant interest-bearing assets or liabilities.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company's objective is to ensure that there is sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's principal sources of liquidity are cash from related party loans, and equity issuances. The Company projects and monitors its cash requirements to accommodate changes in liquidity needs (Note 1).

In addition to the commitments in Note 9 and Note 15, the Company has the following contractual financial liabilities as at December 31, 2025:

	Carrying amount $	Contractual cash flows $	Less than one year $	More than one year $
Financial liabilities				
Accounts payable and other liabilities	10,483	10,483	10,483	–
	10,483	10,483	10,483	–

18. Cost of goods sold

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Inventory – Note 5	$ 879	650
Inventory write-off – Note 5	87	48
Depreciation – Note 7	68	30
	$ 1,034	728

All figures in thousands of Canadian dollars, except as otherwise indicated

Notes to the Consolidated Financial Statements continued

19. Expenses by nature

General and administration, research and development, marketing and sales, and depreciation and amortization expenses are comprised of the following expenses by nature:

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Salaries and benefits	8,200	9,925
Professional fees, contractors and consultants	3,585	4,031
Clinical trial costs	16,430	3,546
Share based payment	1,045	895
Office and lab costs	662	846
Depreciation and amortization	522	535
Technology costs	521	507
Travel and entertainment	337	242
Advertising and promotion	85	131
Delivery and logistics	234	90
Bad debt expense	(42)	19
	$ 31,579	20,765

20. Supplementary cash flow information

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Changes in non-cash working capital items		
Accounts and other receivables	49	(185)
Inventory	(1,031)	(328)
Prepaid expenses and deposits	(84)	(105)
Other current assets	(5)	–
Accounts payable and other liabilities	4,804	2,531
Warrant liability	64	–
	3,797	1,913

21. Capital management

The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity.

The Company's capital consists of items included in shareholders' equity, debt facilities net of cash and restricted cash.

In order to facilitate the management of capital, the Company prepares annual expenditure budgets that are updated as necessary and dependent on various factors, including successful deployment of capital and industry conditions. The annual budgets are approved by the Board of Directors. The Company is not subject to any externally imposed capital requirements.

Management believes that existing cash resources, together with funds raised through public or private equity and/or debt financings, will generate sufficient liquidity to meet operating cash requirements for at least the next twelve months.

22. Subsequent events

1. From January 6, 2026 to May 21, 2026, the Company entered into agreements for contract services for a scope of work of $1,177 related to clinical services.

2. On February 27, 2026, the Company issued 1,184,504 common shares of the Company at a share price of $0.18 to the Royal Columbian Hospital Foundation as part of the collaborative research project for an intensive care unit pilot study.

3. On May 5, 2026, the Company issued 41,666,667 common shares of the Company for gross aggregate proceeds of £5.0 million ($9.2 million) at a share price of £0.12 ($0.22). Of the 41,666,667 common shares issued, directors' fees of $0.1 million were paid through the issuance of 451,548 Common Shares, and a key management personnel subscribed for 903,097 common shares of the Company for total proceeds of $0.2 million.

All figures in thousands of Canadian dollars, except as otherwise indicated

Shareholder Information & Glossary

Company Secretary
Ms. Elaine Lei

Registered Office
Ondine Biomedical Inc.
888 – 1100 Melville Street
Vancouver, British Columbia V6E 4A6
Company Number
BC05267366

Website
www.ondinebio.com

Public & Investor Relations
5654 & Company
65 Chandos Place
London WC2N 4HG
United Kingdom

Investor Relations
IR@ondinebio.com

Nominated Adviser
Strand Hanson Limited
26 Mount Row
London W1K 3SQ
United Kingdom

Broker
Peel Hunt LLP
100 Liverpool Street
London EC2M 2AT
United Kingdom

Reporting Accountant
PricewaterhouseCoopers LLP *(Canada)*
250 Howe Street
Vancouver, British Columbia
Canada V6C 3S7

Solicitors to the Company
Dentons UK and Middle East LLP *(as to English law)*
One Fleet Place
London EC4M 7WS
United Kingdom

Dentons Canada LLP *(as to Canadian law)*
20th Floor, 250 Howe Street
Vancouver, British Columbia V6C 3R8
Canada

Dentons US LLP *(as to US law)*
1900 K Street
NW, Washington
DC 2006
United States

Wenger Vieli AG *(as to Swiss law)*
Metallstr. 9
6302 Zug
Switzerland

Patent Attorney to the Company
The Dobrusin Law Firm
29 W Lawrence Street, Suite 210
Pontiac, Michigan 48342
United States

Auditor to the Company
PricewaterhouseCoopers LLP *(Canada)*
250 Howe Street
Vancouver, British Columbia
Canada V6C 3S7

Registrar
Computershare Investor Services Inc.
3rd Floor – 510 Burrard Street
Vancouver, British Columbia V6C 3B9
Canada

Glossary

AIM	The AIM Market operated by the London Stock Exchange Group plc
AMR	Antimicrobial Resistance
CDC	Centers for Disease Control and Prevention
CRO	Clinical Research Organization
FDA	U.S. Food and Drug Administration
HAI	Healthcare Associated Infection(s)
HCA	HCA Healthcare, the largest privately owned hospital group in North America
ICU	Intensive Care Unit(s)
LANTERN	Light-Activated Antimicrobial Therapy to Prevent Surgical Site Infections, Ondine's Phase 3 clinical trial
MDSAP	Medical Device Single Audit Program
NDA	New Drug Application
NHS	National Health Service
NRC	National Research Council of Canada
QMS	Quality Management System
RCH	Royal Columbian Hospital in British Columbia, Canada
SOP	Standard Operating Procedure(s)
SSI	Surgical Site Infection(s)