Condensed Interim Consolidated Financial Statements

Principal Technologies Inc.

Nine months ended April 30, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of Principal Technologies Inc. have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

Principal Technologies Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Note	April 30 2025	July 31 2024
		$	$
Current Assets			
Cash		1,348,037	854,022
Amounts receivable		143,713	115,114
Prepaid expense and deposit		42,391	164,265
		1,534,141	1,133,401
Long-Term Assets			
Investment		276,739	263,720
Property and equipment		95,881	112,553
Total Assets		1,906,761	1,509,674
Current Liabilities			
Accounts payable and accrued liabilities	4	783,930	354,594
Advances for development activities	9	184,290	-
Lease liabilities - current portion		40,580	35,314
		1,008,800	389,908
Long-Term Liabilities			
Lease liabilities		22,837	51,298
Equity			
Share capital	3	5,353,387	4,512,165
Share subscriptions receivable	3	780,000	-
Equity reserves		1,758,102	1,057,822
Accumulated other comprehensive income (loss)		15,365	6,597
Deficit		(7,111,505)	(4,569,158)
Total equity attributable to the Company		795,349	1,007,426
Non-controlling interest		79,775	61,042
		875,124	1,068,468
Total Liabilities and Equity		1,906,761	1,509,674

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 10)
Approved on behalf of the Board:

/s/ Gerald Trent

/s/ Leopold Specht

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

Principal Technologies Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended April 30		Nine months ended April 30	
	2025	**2024**	**2025**	**2024**
	$	$	$	$
Revenue	79,634	176,285	283,356	527,324
Expenses				
Advisory and consulting	23,697	176,414	160,936	492,277
Depreciation	11,460	16,722	35,998	25,880
Directors' fees	4,782	27,807	21,902	53,953
Interest expense	19,766	15,683	25,666	33,477
Marketing and advertisement	3,270	14,653	10,043	47,615
Office and administration	20,720	15,075	62,682	61,593
Professional fees	228,688	233,136	365,644	423,631
Regulatory and transfer agent	24,623	4,973	40,111	39,133
Research and development costs	171,313	-	171,313	-
Salaries and management fees	935,952	151,294	1,392,649	504,461
Share-based compensation	-	2,675	362,157	33,656
Travel	35,613	26,816	109,864	57,982
	1,479,884	685,248	2,758,965	1,773,658
Other items				
Gain on sale of investment	-	-	-	(1,421)
Foreign exchange loss	(47,263)	15,372	(47,903)	10,354
Finance income	4,601	(11,734)	13,775	(4,711)
	(42,662)	3,638	(34,128)	4,222
Net loss before income tax	(1,442,912)	(505,325)	(2,509,737)	(1,242,112)
Income tax expense	(416)	(12,921)	(25,343)	(18,976)
Net loss	(1,443,328)	(518,246)	(2,535,080)	(1,261,088)
Other comprehensive loss				
Foreign exchange translation	14,315	(27,972)	20,234	(28,112)
Comprehensive loss	(1,429,013)	(546,218)	(2,514,846)	(1,289,200)
Net income (loss) attributable to:				
Shareholders of the Company	(1,444,602)	(525,943)	(2,542,347)	(1,301,472)
Non-controlling interest	1,274	7,697	7,267	40,384
	(1,443,328)	(518,246)	(2,535,080)	(1,261,088)
Comprehensive loss attributable to:				
Shareholders of the Company	(1,455,740)	(519,491)	(2,533,579)	(1,300,827)
Non-controlling interest	26,727	(26,727)	18,733	11,627
	(1,429,013)	(546,218)	(2,514,846)	(1,289,200)
Basic and diluted loss per share	(0.04)	(0.02)	(0.07)	(0.05)
Weighted average number of common shares outstanding - basic and diluted	37,277,625	28,405,258	37,579,725	26,799,884

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

Principal Technologies Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Number of shares	Share capital	Share subscription	Equity Reserve	Accumulated other comprehensive income	Deficit	Non-controlling Interest	Total Equity
			$	$	$	$	$	$	$
Balance at July 31, 2023		22,875,461	2,496,810	-	609,714	(3,695)	(2,954,121)	48,143	196,851
Private placement	3	9,993,166	1,499,256	250,000	-	-	-	-	1,749,256
Share issue costs	3	-	(79,901)	-	20,556	-	-	-	(59,345)
Share-based compensation	3	-	-	-	33,656	-	-	-	33,656
Repayment of shareholder draws		-	-	-	-	-	-	(30,305)	(30,305)
Net income (loss)		-	-	-	-	-	(1,301,472)	40,384	(1,261,088)
Foreign translation adjustment		-	-	-	-	(29,660)	-	1,548	(28,112)
Balance at April 30, 2024		32,868,627	3,916,165	250,000	663,926	(33,355)	(4,255,593)	59,770	600,913
Balance at July 31, 2024		36,868,627	4,512,165	-	1,057,822	6,597	(4,569,158)	61,042	1,068,468
Private placement	3	342,484	37,796	-	30,824	-	-	-	68,620
Shares settled for debt	3	363,500	90,875	-	-	-	-	-	90,875
Promissory notes settled for shares	3	4,055,396	700,693	-	313,157	-	-	-	1,013,850
Share subscription	3	-	-	780,000	-	-	-	-	780,000
Shares exercised	3	50,000	11,858	-	(5,858)	-	-	-	6,000
Share-based compensation	3	-	-	-	362,157	-	-	-	362,157
Net income (loss)		-	-	-	-	-	(2,542,347)	7,267	(2,535,080)
Foreign translation adjustment		-	-	-	-	8,768	-	11,466	20,234
Balance at April 30, 2025		41,680,007	5,353,387	780,000	1,758,102	15,365	(7,111,505)	79,775	875,124

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

Principal Technologies Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine months ended April 30	
	2025	**2024**
	$	$
Operating activities		
Net loss	(2,535,080)	(1,261,088)
Items not involving cash:		
Depreciation	35,998	25,880
Interest expense	19,336	25,943
Share-based compensation	362,157	33,656
Gain on sale of investments	-	(1,421)
Fair value adjustment of investment	-	(1,809)
Changes in non-cash working capital items:		
Amounts receivable	(28,599)	(138,005)
Prepaid expense and deposits	121,874	22,820
Deferred revenue	-	(2,103)
Amounts payable and accrued liabilities	429,336	185,115
	(1,594,978)	(1,111,012)
Investing activities		
Repayment of shareholder draws	-	(30,305)
Purchase of equipment	(14,743)	(10,454)
	(14,743)	(40,759)
Financing activities		
Proceeds from issuance of shares, net of share issuance costs	1,163,317	1,439,911
Share subscriptions received	780,000	250,000
Advances for development activities	184,290	-
Lease payments	(26,503)	(37,322)
	2,101,104	1,652,589
Effect of foreign exchange on cash	2,632	(28,112)
Change in cash	494,015	472,706
Cash, beginning	854,022	156,194
Cash, ending	1,348,037	628,900
Supplemental cash flow information:		
Cash paid during the year for taxes	25,343	18,976

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is domiciled in Canada and was incorporated on April 3, 2018, under the laws of the Province of British Columbia. The address of the Company's registered and records office is 25th Floor, 700 W Georgia St., Vancouver, British Columbia, V7Y 1B3.

On August 4, 2021, the Company completed a qualifying transaction pursuant to the policies of the TSX Venture Exchange ("TSXV") and commenced trading as a Tier 2 Life Sciences Issuer on the TSXV on August 6, 2021 under the ticker symbol "PTEC". The Company is currently building a diverse portfolio of investments in healthcare technology companies with a focus on those with global distribution potential which have intellectual property capable of enhancing medical treatment, cost efficiency, optimizations of the patient pathway, and implementation of point of care technologies. The Company is also engaged in the research and development of new medical technologies.

These unaudited condensed interim consolidated financial statements (the "consolidated financial statements") have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. During the nine months ended April 30, 2025, the Company incurred a net loss of $2,535,080 and has a deficit of $7,111,505 on that date. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's ability to identify additional sources of capital and to raise sufficient resources in order to fund ongoing expenditures and the Company's investment and research and development plans. Although management has been successful in the past, there is no assurance these initiatives will be successful in the future. In order to fund future operations or acquisitions, the Company intends to raise additional capital by issuing equity. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The Company prepares its annual financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

The consolidated financial statements were authorized for issue by the Board of Directors on June 26, 2025.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION (Continued)

(c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

The functional currency of the Company's subsidiaries: Principal Technologies Capital Management GmbH and E&E CRO Consulting GmbH is the Euro and Exfentis Ltd is the British Pound.

(d) Basis of consolidation

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

	Incorporation	Functional currency	Percentage owned
Principal Technologies Capital Management GmbH	Austria	EURO	100%
E&E CRO Consulting GmbH	Austria	EURO	80%
Efxentis Ltd	United Kingdom	British Pound	100%

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

The non-controlling interest in the net assets of the consolidated subsidiaries are identified separately from the Company's equity. The non-controlling interest consists of the non-controlling interest's portion of net assets and profit or loss.

(e) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. For significant estimates and judgments refer to the audited consolidated financial statements for the year ended July 31, 2024.

(f) Joint arrangements

The Company may conduct its medical technology development activities through jointly controlled operations, and the financial statements reflect only the Company's proportionate interest in such activities.

Joint control exists for contractual arrangements governing the Company's assets whereby the Company has less than 100 per cent working interest, all of the partners have control of the arrangement collectively, and spending on the project requires unanimous consent of all parties that collectively control the arrangement and share the associated risks. Joint control is defined as the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial, and operating decisions essential to the relevant activities require the unanimous consent of the parties sharing control.

2. BASIS OF PRESENTATION (Continued)

When the Company enters into agreements that provide for specific percentage interests in medical technology development projects, a portion of the Company's development activities is conducted jointly with others, without establishment of a corporation, partnership, or other entity.

Under IFRS 11 "Joint Arrangements", this type of joint control of development activities is considered as a joint operation, which is defined as a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

In these financial statements, the Company recognizes the following in relation to its interests in joint operations:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly; and
- its expenses, including its share of any expenses incurred jointly.

(g) Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, or improving medical technologies to develop product prototypes, is expensed as incurred. Development activities involve a definitive plan for the production of new or substantially improved products and processes. A 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 resources to complete development and to sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. As at April 30, 2025, all research costs have been expensed, and no development expenditures have been capitalized.

3. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares with no par value.

(b) Issued and fully paid common shares

As at April 30, 2025, there are 41,680,007 common shares issued and outstanding.

<u>Shares issued during the nine months ended April 30, 2025</u>

On November 26, 2024, the Company issued 363,500 common shares at $0.25 each to settle debts of $90,875 due to arms-length parties. The common shares are subject to a four month plus one day hold period from the date of issuance.

On November 26, 2024, the Company completed a private placement of 342,484 units at $0.25 each for gross proceeds of $85,621. Each unit consisted of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the company at $0.30 for a period of two years from the date of closing.

3. SHARE CAPITAL (Continued)

The value attributed to the share purchase warrants issued was $30,824 using the residual value approach.

On April 21, 2025, the Company issued 50,000 common shares at $0.12 for the exercise of existing stock options.

On April 30, 2025, the Company issued 1,023,835 common shares at $0.25 each to settle promissory notes of $255,959 due to related party.

On April 30, 2025, the Company issued 3,031,561 units at $0.25 each to settle promissory notes of $757,890 due to an arm's-length party. Each unit consisted of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the company at $0.30 for a period of two years from the date of issuance. The value attributed to the share purchase warrants issued was $313,157 using the residual value approach.

On April 30, 2025 the Company received $780,000 of funds for common shares to be issued at $0.25 each. This amount is recorded as Share subscriptions receivable at April 30, 2025. See Note 10.

<u>Shares issued during the year ended July 31, 2024</u>

On June 20, 2024, the Company completed of a non-brokered private placement financing of 4,000,000 units at $0.25 for gross proceeds of $1,000,000. Each unit consisted of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at $0.30 for a period of two years from the date of issuance.

The value attributed to the share purchase warrants issued was $400,000 using the residual value approach.

On November 20, 2023, the Company closed the first tranche ("Tranche 1") of a private placement issuing a total of 2,336,500 common shares at $0.15 per common share for gross proceeds of $350,475.

In connection with the closing of Tranche 1, finder's fees of $6,636 were paid in cash. In addition, a total of 44,240 non-transferable finder's warrants are issuable (the "Finder's Warrants"). Each Finder's Warrant entitles the finder to purchase one common share at an exercise price of $0.20 per share for two years from the date of issue. Using the Black Scholes Model, the grant date fair value was $3,178, or $0.07 per Finder's Warrant. The following weighted average assumptions were used for the valuation of the Finder's Warrant: risk free interest rate of 4.42%, expected life of 2 years, annualized volatility of 112% and dividend rate of 0.00%.

On December 21, 2023, the Company closed the second tranche ("Tranche 2") of the non-brokered private placement. Under Tranche 2, the Company issued 6,823,333 common shares at $0.15 per share for gross proceeds of $1,023,500.

In connection with the closing of Tranche 2, cash finder's fees of $33,720 were paid and a total of 224,800 Finder's Warrants are issuable. Each Finder's Warrant entitles the holder to purchase one common share of the Company for a period of 24 months from the date of issuance at a price of $0.20 per share. Using the Black Scholes Model, the grant date fair value was $15,268, or $0.07 per Finder's Warrant. The following weighted average assumptions were used for the valuation of the Finder's Warrants: risk free interest rate of 3.97%, expected life of 2 years, annualized volatility of 112% and dividend rate of 0.00%.

3. SHARE CAPITAL (Continued)

On January 18, 2024, the Company closed the third and final tranche ("Tranche 3") of the non-brokered private placement. Under Tranche 3, the Company issued 833,333 common shares at $0.15 per share for gross proceeds of $125,000.

In connection with the closing of Tranche 3, cash finder's fees of $4,000 were paid and a total of 26,667 Finder's Warrants are issuable. Each Finder's Warrant entitles the holder to purchase one common share of the Company for a period of 24 months from the date of issuance at a price of $0.20 per share. Using the Black Scholes Model, the grant date fair value was $2,110, or $0.08 per Finder's Warrant. The following weighted average assumptions were used for the valuation of the Finder's Warrants: risk free interest rate of 4.23%, expected life of 2 years, annualized volatility of 112% and dividend rate of 0.00%.

(c) Share options

On July 11, 2023, the Company adopted a new 20% fixed share option plan (the "New Option Plan"). The New Option Plan will reserve for issuance 4,575,092 common shares of the Company and was approved by the TSXV and the Shareholders of the Company.

Under the new plan, the maximum term of each option shall not be greater than 10 years. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any three-month period. All other share options vest at the discretion of the Board of Directors.

During the nine months ended April 30, 2025

On September 16, 2024, the Company granted 925,000 conditional share options to employees of the Company. The conditional options vested immediately and are exercisable at a price of $0.16 per share until September 16, 2034. The Company also granted 1,500,000 conditional share options to the CEO of the Company. The conditional options vested immediately and are exercisable at a price of $0.16 per share until September 16, 2034. Using the Black Sholes Model, the grant date fair value was $362,157 or $0.15 per option. The following weighted average assumptions were used for the valuation of share options: The following weighted average assumptions were used for the valuation of the share options: risk-free interest rate of 2.77%, expected life of 10 years, annualized volatility of 112% and dividend rate of 0.00%.

The conditional share options vested immediately and are exercisable at a price of $0.16 per share until September 16, 2034. Using the Black Scholes Model, the grant date fair value was $362,157, or $0.15 per option. The following weighted average assumptions were used for the valuation of the share options: risk free interest rate of 2.77%, expected life of 10 years, annualized volatility of 112% and dividend rate of 0.00%.

Exercise of the total 2,425,000 conditional share options is subject to both disinterested shareholder and TSXV approval.

(Expressed in Canadian Dollars)

3. SHARE CAPITAL (Continued)

During the year ended July 31, 2024

On August 21, 2023, the Company granted 15,000 share options to employees of the Company. The options vested immediately and are exercisable at a price of $0.15 per share until August 21, 2033. Using the Black Scholes Model, the grant date fair value was $2,108, or $0.09 per option. The following weighted average assumptions were used for the valuation of the share options: risk-free interest rate of 4.14%, expected life of 10 years, annualized volatility of 112% and dividend rate of 0.00%.

On October 17, 2023, the Company granted 100,000 share options to an advisor of the Company. The options vested immediately and are exercisable at a price of $0.15 per share until October 17, 2033. Using the Black Scholes Model, the grant date fair value was $11,647, or $0.09 per option. The following weighted average assumptions were used for the valuation of the share options: risk free interest rate of 4.14%, expected life of 10 years, annualized volatility of 112% and dividend rate of 0.00%.
A summary of the changes in share options is presented below:

	Number of Options	Weighted average exercise price
		$
Balance, July 31, 2023	4,175,000	0.13
Granted	115,000	0.15
Balance, July 31, 2024	4,290,000	0.13
Granted	2,425,000	0.16
Exercised	(50,000)	0.20
Balance, April 30, 2025	6,665,000	0.14

The following table summarizes information about the share options outstanding at April 30, 2025:

Outstanding	Exercisable	Exercise Price	Expiry date
		$	
3,075,000	3,075,000	0.12	July 11, 2033
700,000	700,000	0.16	December 3, 2031
100,000	100,000	0.16	January 10, 2032
15,000	15,000	0.15	August 21, 2033
100,000	100,000	0.15	October 17, 2033
250,000	250,000	0.14	May 20, 2032
2,425,000	2,425,000	0.16	September 16, 2034
6,665,000	6,665,000		

(Expressed in Canadian Dollars)

3. SHARE CAPITAL (Continued)

(d) Warrants

A summary of the changes in warrants is presented below:

	Warrants	Weighted average exercise price
		$
Balance, July 31, 2023	3,011,537	0.12
Granted	4,295,707	0.29
Balance, July 31, 2024	7,307,244	0.22
Granted	3,374,045	0.29
Balance, April 30, 2025	10,681,289	0.24

The following table summarizes information about the warrants outstanding and exercisable at April 30, 2025:

Outstanding	Exercisable	Exercise Price	Expiry date
		$	
44,240	44,240	0.20	November 20, 2025
224,800	224,800	0.20	December 21,2025
26,667	26,667	0.20	January 18, 2026
4,000,000	4,000,000	0.30	June 20, 2026
3,011,537	3,011,537	0.12	July 5, 2026
342,484	342,484	0.25	November 26, 2026
3,031,561	3,031,561	0.30	April 30, 2027
10,681,289	10,681,289		

4. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company’s Board of Directors and corporate officers.

Remuneration of key management personnel for the nine-month period was as follows:

	April 30 2025	April 30 2024
	$	$
Consulting and management fees	1,169,046	290,300
Directors fees	21,902	53,953
Share-based compensation	362,157	-
	1,553,105	344,253

4. RELATED PARTY TRANSACTIONS (continued)

As at April 30, 2025, there is $313,701 (July 31, 2024: $90,251) owing to key management personnel recorded in Accounts payable and accrued liabilities. The amount consists of accrued director fees of $58,767 (July 31, 2024: $82,967) and amounts owing to the CEO and CFO for monthly services of $254,934 (July 31, 2024: $7,284).

5. SEGMENTED INFORMATION

As at April 30, 2025, the company operates in one reportable operational segment, being its operations in health-care technology including the project management of international scale clinical studies primarily related to medical device technologies.

During the nine months ended April 30, 2025 and 2024, the Company's total revenue was derived from clinical study services in Austria.

During the nine months ended April 30, 2025, revenue included 1 (2024 – 3) major customer which represented 76% of total revenue (2024: 32%, 25% and 22%).

As at April 30, 2025, two customers represented 79% (2024 - 87%) of trade receivables.

6. FINANCIAL INSTRUMENTS

Financial Risk Management

Cash and the investment are recorded at fair value through profit and loss. Amounts receivable, deposit, amounts payable and lease liabilities are recorded at amortized cost which approximates fair value due to the short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

As at April 30, 2025, the Company did not have any financial assets and liabilities which are measured at fair value on a recurring basis, other than cash and the investment. There were no transfers between Level 1, 2 or 3 during the third quarter.

7. CAPITAL MANAGEMENT

The Company's primary source of funds comes from the issuance of share capital. The Company does not have sources of financing that require fixed payments of interest and principal as the Company does not generate cash flow from current operations. Accordingly, the Company is not subject to any externally imposed capital requirements.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions (Note 1). The Company believes that it will be able to raise sufficient funds from share issuances to fund its working capital for the coming year. There have been no changes to the Company's approach to capital management during the year.

8. MEDICAL TECHNOLOGY RESEARCH AND DEVELOPMENT

During the current quarter, the Company signed a 20-year technology licence agreement with Oxford University Innovation Ltd. (the "Licence"). Under the terms of the Licence, the Company and Oxford will pursue the development of Oxford's thermal product sensor for specific medical applications. This will involve product research and development activities, testing and medical trials with all activities overseen by Oxford's technical experts.

Although the amount and timing of the total research and development expenditures to be incurred pursuant to the License may not be determined, the Company estimates that over the next few financial years, these expenditures and related corporate management and administration costs could total approximately €2,400,000.

All Licence activities undertaken to April 30, 2025 have been expensed as research and development costs.

9. FINANCING AGREEMENT

On April 25, 2025, the Company entered into a financing agreement (the "Financing Agreement") with an Austrian company (the "Funding Group") to provide funds for the Company to fulfill its research and development activities pursuant to the Licence. The Financing Agreement provides €2,400,000 of funds in four equal tranches of €600,000. The tranches are due on April 28, 2025 (received), October 15, 2025, April 15, 2026, and October 15, 2026. Of the funds received from the April 28, 2005 tranche, $780,000 was allocated to common shares of the Company at $0.25 per share, and $184,290 allocated directly to research and development expenses to be incurred pursuant to the Licence. When the Funding Group fulfills its funding obligations, it will earn a 50% joint venture interest in certain medical products developed under the Licence.

At April 30, 2025, $184,290 of the proceeds received from the Funding Group for research and development activities but not spent was listed as advances for development activities. On that date, the $780,000 of proceeds received to subscribe for common shares of the Company was reported as Share subscriptions receivable. See Note 10.

10. SUBSEQUENT EVENTS

On May 1, 2025, the Company arranged a non-brokered private placement financing of 1,000,000 common shares of the Company at a price of $0.25 per common share for aggregate gross proceeds of $250,000. This private placement received regulatory approval and was closed during the month of May 2025.

10. SUBSEQUENT EVENTS (continued)

During the month of May 2025, the Company received regulatory approval and closed a $780,000 private placement of common shares at $0.25 each. These funds were received pursuant to the Financing Agreement (Note 9).

The Company also announced on May 1, 2025, that it granted an aggregate of 2,350,000 million conditional stock options to certain directors, officers and consultants of the company. Each conditional option, subject to the receipt of the approval of the disinterested shareholders of the Company and acceptance of the TSXV, shall be exercisable to purchase one common share in the capital of the Company at $0.20 per share for a period of 10 years from the grant date.