

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED June 30, 2026

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 001-41092

Firefly Neuroscience, Inc.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

54-1167364

(I.R.S. Employer
Identification No.)

1100 Military Road, Kenmore, NY 14217
(Address of principal executive offices) (Zip code)

(888) 237-6412
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	AIFF	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes X No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	X	Smaller reporting company	X
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes X No

As of August 4, 2026, there were a total of 15,690,316 shares of the registrant's common stock outstanding

FIREFLY NEUROSCIENCE, INC.
Quarterly Report on Form 10-Q
Period Ended June 30, 2026

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PART I

Financial Information

Item 1. Financial Statements.

FIREFLY NEUROSCIENCE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2026 AND DECEMBER 31, 2025 (IN THOUSANDS, EXCEPT SHARE DATA)

	June 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,226	\$ 2,747
Accounts and other receivables, net	188	194
Prepaid expenses	767	978
Inventory	44	108
Total current assets	10,225	4,027
Non current assets		
Prepaid expenses	352	268
Equipment, net	230	146
Intangible assets, net	786	861
Goodwill	5,175	5,175
Total non current assets	6,543	6,450
TOTAL ASSETS	\$ 16,768	\$ 10,477
LIABILITIES		
Current liabilities		
Trade payables	\$ 881	\$ 1,347
Accrued liabilities	524	766
Deferred revenue	215	228
Contingent consideration payable	478	478
Total current liabilities	2,098	2,819
Non current liabilities		
Deferred revenue	7	21
TOTAL LIABILITIES	\$ 2,105	\$ 2,840
COMMITMENTS AND CONTINGENCIES (Note 12)		
SHAREHOLDERS' EQUITY		
Preferred shares, \$0.0001 par value: 1,000,000 shares authorized; nil issued and outstanding at June 30, 2026 and December 31, 2025	-	-
Common shares, \$0.0001 par value: 5,000,000,000 shares authorized; 15,683,601 and 13,964,367 issued and outstanding at June 30, 2026 and December 31, 2025, respectively	2	1
Additional paid-in capital	130,219	119,251
Accumulated deficit	(115,558)	(111,615)
TOTAL SHAREHOLDERS' EQUITY	14,663	7,637
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 16,768	\$ 10,477

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

FIREFLY NEUROSCIENCE, INC.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
REVENUE	\$ 514	\$ 299	\$ 999	\$ 342
COST OF GOODS SOLD	261	25	525	25
GROSS PROFIT	<u>253</u>	<u>274</u>	<u>474</u>	<u>317</u>
OPERATING EXPENSES:				
Research and development expenses	525	336	949	648
Selling and marketing expenses	180	199	321	407
General and administration expenses	1,522	1,373	3,188	2,961
TOTAL OPERATING EXPENSES	<u>2,227</u>	<u>1,908</u>	<u>4,458</u>	<u>4,016</u>
OPERATING LOSS	<u>(1,974)</u>	<u>(1,634)</u>	<u>(3,984)</u>	<u>(3,699)</u>
OTHER INCOME (EXPENSE)				
Interest and bank fees	(6)	(15)	(13)	(143)
Interest income	41	30	55	30
Unrealized gain (loss) on foreign exchange	-	(7)	(1)	(4)
Change in derivative fair value	-	-	-	(9,369)
Loss on settlement	-	-	-	(1,353)
Other income (expense), net	(45)	(203)	(45)	(221)
TOTAL OTHER INCOME (EXPENSE)	<u>(10)</u>	<u>(195)</u>	<u>(4)</u>	<u>(11,060)</u>
LOSS BEFORE INCOME TAX	<u>(1,984)</u>	<u>(1,829)</u>	<u>(3,988)</u>	<u>(14,759)</u>
Income tax provision	-	4	-	4
NET LOSS AND COMPREHENSIVE LOSS	<u>\$ (1,984)</u>	<u>\$ (1,833)</u>	<u>\$ (3,988)</u>	<u>\$ (14,763)</u>
Deemed dividend on warrant inducement	-	-	(90)	(4,410)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>(1,984)</u>	<u>(1,833)</u>	<u>(4,078)</u>	<u>(19,173)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>\$ (0.10)</u>	<u>\$ (0.14)</u>	<u>\$ (0.23)</u>	<u>\$ (1.69)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING, BASIC AND DILUTED	20,578,488	12,668,550	17,687,001	11,320,232

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

FIREFLY NEUROSCIENCE, INC.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
JUNE 30, 2026 AND 2025
(IN THOUSANDS, EXCEPT SHARE DATA)**

	Common stock				Total Shareholder's equity (deficit)
	Number of shares	Amount	Additional paid-in capital	Accumulated deficit	
BALANCE AT DECEMBER 31, 2025	13,964,367	\$ 1	\$ 119,251	\$ (111,615)	\$ 7,637
Private placement, net of issuance costs	450,967	-	2,236	-	2,236
Shares issued - warrants exercised	300,000	-	150	-	150
Shares issued for conversion of Convertible Promissory Note	-	-	-	-	-
Shares issues for consulting services	-	-	-	-	-
Share-based compensation expense	150,022	-	423	-	423
Deemed dividend on warrant inducement	-	-	-	-	-
Net loss	-	-	-	(2,004)	(2,004)
BALANCE AT MARCH 31, 2026	14,865,356	\$ 1	\$ 122,060	\$ (113,619)	\$ 8,442
Private placement, net of issuance costs	762,208	1	7,891	-	7,892
Shares issued for debt	-	-	-	-	-
Shares issued for Evoke acquisition	-	-	-	-	-
Share-based compensation expense	56,037	-	268	-	268
Deemed dividend on warrant inducement	-	-	-	-	-
Deconsolidation of Subsidiary	-	-	-	45	45
Net loss	-	-	-	(1,984)	(1,984)
BALANCE AT JUNE 30, 2026	15,683,601	\$ 2	\$ 130,219	\$ (115,558)	\$ 14,663
BALANCE AT DECEMBER 31, 2024	8,122,060	\$ -	\$ 86,709	\$ (87,084)	\$ (375)
Private placement, net of issuance costs	547,737	-	1,464	-	1,464
Shares issued - warrants exercised	2,186,595	1	8,827	-	8,828
Shares issued for conversion of Convertible Promissory Note	800,000	-	12,329	-	12,329
Shares issues for consulting services	22,344	-	32	-	32
Share-based compensation expense	-	-	247	-	247
Deemed dividend on warrant inducement	-	-	-	(4,410)	(4,410)
Net loss	-	-	-	(12,930)	(12,930)
BALANCE AT MARCH 31, 2025	11,678,736	\$ 1	\$ 109,608	\$ (104,424)	\$ 5,185
Private placement, net of issuance costs	340,000	-	1,135	-	1,135
Shares issued for debt	37,549	-	383	-	383
Shares issued for Evoke acquisition	857,142	-	2,743	-	2,743
Share-based compensation expense	45,411	-	77	-	77
Deemed dividend on warrant inducement	340,000	-	4,410	-	4,410
Net loss	-	-	-	(1,833)	(1,833)
BALANCE AT JUNE 30, 2025	13,298,838	\$ 1	\$ 118,356	\$ (106,257)	\$ 12,100

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

FIREFLY NEUROSCIENCE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(IN THOUSANDS)

	Six Months Ended June 30,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,988)	\$ (14,763)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	92	62
Share-based compensation expense	691	324
Accretion expense on convertible promissory note	-	126
Change in derivative fair value	-	9,369
Loss on settlement of convertible promissory note	-	1,353
Loss on shares issued for debt	-	217
Drawdown in shares issued for prepaid services	245	140
Loss on shares issued for prepaid services	141	-
Shares issued for consulting services	-	32
Deconsolidation of subsidiary	45	-
Changes in operating assets and liabilities:		
Change in receivables	6	(31)
Change in prepaid expenses	(259)	(67)
Change in inventory	64	(37)
Change in trade payables	(466)	(475)
Change in accrued liabilities	(242)	(1,184)
Change in deferred revenue	(27)	33
Net cash used in operating activities	(3,698)	(4,901)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of new business, net of cash acquired	-	(2,360)
Purchase of equipment	(100)	(19)
Net cash used in investing activities	(100)	(2,379)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of shares, net of issuance costs	10,127	2,560
Proceeds from exercise of warrants	150	8,828
Net cash provided by financing activities	10,277	11,388
INCREASE IN CASH	6,479	4,108
BALANCE OF CASH AT THE BEGINNING OF PERIOD	2,747	1,810
BALANCE OF CASH AT THE END OF PERIOD	\$ 9,226	\$ 5,918
Non-cash investing and financing activities		
Shares issued for conversion of the convertible promissory note	-	12,339
Deemed dividend on warrant inducement	90	4,410
Shares issued for debt	-	426
Shares issued for Acquisition of new business	-	2,743

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

FIREFLY NEUROSCIENCE, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)****NOTE 1: BUSINESS DESCRIPTION****Overview**

Firefly Neuroscience, Inc., a Delaware corporation, and its wholly owned subsidiaries Evoke Neuroscience, Inc., a Delaware corporation, Firefly Neuroscience 2023, Inc., a Delaware corporation, Firefly Neuroscience Ltd., an Israeli corporation, Elminda 2022 Inc., a Delaware corporation, and Firefly Neurosciences Canada Inc., a Canadian corporation, (collectively, the "Company"), are engaged in the development, marketing and distribution of medical devices and technology allowing high resolution visualization and evaluation of complex neuro-physiological interconnections of the human brain.

As of June 30, 2026 the Company closed Elminda Canada Inc.

The combined entity operates under the name Firefly Neuroscience, Inc., and on August 13, 2024, the Company began trading on the Nasdaq Capital Market (NASDAQ Ticker Symbol: AIFF).

NOTE 2: GOING CONCERN

As of June 30, 2026, the Company had cash on hand of \$9,226, an accumulated deficit of \$115,558 and negative cash flow from operating activities for the six months ended June 30, 2026, of \$3,698. Further, the Company has recurring losses with insufficient revenue from operations and expects to continue generating losses and using cash for operations. The Company's cash requirements have been met through the sales of common stock, issuance of debt and warrant exercises.

Notwithstanding the Company's cash on hand as of June 30, 2026, the Company's recurring losses, negative cash flows from operating activities, and revenue that remains insufficient to cover operating costs raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are issued. The Company expects to continue to require substantial additional capital beyond the near term to fund its operations, achieve profitability, and execute its business strategy. Therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management has a reasonable expectation that it can continue raising additional capital to fund its operations for the foreseeable future. During the six months ended June 30, 2026, the Company raised \$10,277 in gross proceeds through the Initial Closing and Additional Closing of the March 2026 private placement of units and the exercise of warrants (see Note 13 — Equity). In addition, on February 3, 2026, the Company entered into an At the Market Offering Agreement (the "ATM Agreement") with Konik Capital Partners, LLC, a division of T.R. Winston and Company, LLC, under which the Company may offer and sell shares of common stock having an aggregate sales price of up to \$7,434; as of June 30, 2026, no shares had been sold under the ATM Agreement.

The Company's ability to raise additional funds, including under the ATM Agreement, will depend on, among other factors, financial, economic and market conditions and investor demand, many of which are outside of the Company's control, and there can be no assurance that the Company will be able to obtain additional funding on satisfactory terms, or at all. Because critical elements of these plans are not within management's control, management does not consider them probable of being effectively implemented such that they would alleviate the substantial doubt described above. Accordingly, management has concluded that substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are issued has not been alleviated.

NOTE 3: BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The results reported in these unaudited condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for any subsequent period or for the entire period. These unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2025, and the notes thereto included in the Company's Form 10-K filed with the SEC on March 31, 2026. Certain information and footnote disclosures normally included in the audited consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted in the accompanying unaudited condensed consolidated financial statements. All amounts are disclosed in thousands, except share and per share amounts. The accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, except as otherwise indicated, necessary for a fair statement of its consolidated financial position, results of operations, and cash flows of the Company for all periods presented.

Principles of consolidation

These unaudited consolidated financial statements include the financial information of the Company and its subsidiaries. The Company consolidates legal entities in which it holds a controlling financial interest. The Company has a two-tier consolidation model: one focused on voting rights (the voting interest model) and the second focused on a qualitative analysis of power over significant activities and exposure to potentially significant losses or benefits (the variable interest model). All entities are first evaluated to determine whether they are variable interest entities ("VIE"). If an entity is determined not to be a VIE, it is assessed on the basis of voting and other decision-making rights under the voting interest model. The accounts of the subsidiaries are prepared for the same reporting period using consistent accounting policies. All intercompany balances and transactions were eliminated on consolidation.

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates and assumptions, and such differences could be material to the Company's financial position and results of operations.

Significant accounting policies

There have been no new or material changes to the significant accounting policies discussed in the Company's audited consolidated financial statements since the year ended December 31, 2025.

Impact of recently issued accounting standards

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses," which requires public business entities to disclose, in the notes to the financial statements, specified components of certain income statement expense line items presented on the face of the income statement, including purchases of inventory, employee compensation, depreciation, and amortization of intangible assets, on both an annual and interim basis. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its disclosures in the consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326) ("ASU 2025-05") to introduce a practical expedient to calculating current expected credit loss by assuming that the current conditions as of the balance sheet date will not change for the remaining life of the asset. This expedient can only be applied to current accounts receivable and current contract assets. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025 and interim periods within those annual periods, and this update is applied prospectively. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

In September 2025, the FASB issued Account Standards Update, or ASU, 2025-06 "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350 40): Targeted Improvements to the Accounting for Internal-Use Software", to modernize the accounting for internal-use software costs. The new guidance amends the existing standard that refers to various stages of a software development project to align better with current software development methods. Under the new guidance, entities will start capitalizing eligible costs when management has authorized and committed to funding the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. In evaluating whether it is probable the project will be completed, an entity is required to consider whether there is significant uncertainty associated with the development activities of the software. The new guidance will be effective for the Company for interim and annual periods beginning January 1, 2028. The Company has not adopted this standard early and is currently evaluating the potential effect that the updated standard will have on its consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements," which clarifies the scope of the interim reporting guidance, reorganizes and consolidates the interim disclosure requirements within ASC 270 into a single location, and introduces a disclosure principle requiring entities to disclose events and changes that occur after the end of the most recent annual reporting period that have a material impact on the entity. ASU 2025-11 does not add or remove any existing interim disclosure requirements. The new guidance will be effective for the Company for interim reporting periods in fiscal years beginning after December 15, 2027, with early adoption permitted. The Company has not adopted this standard early and is currently evaluating the potential effect that the updated standard will have on its consolidated financial statements.

NOTE 4: BUSINESS COMBINATION

Evoke Neuroscience, Inc.

On April 30, 2025, the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with Evoke Neuroscience, Inc. ("Evoke") and stockholders of Evoke (the "Sellers") to increase Firefly Neuroscience, Inc.'s capacity and expand its customer base. The Sellers sold and the Company purchased all of the issued and outstanding shares of Evoke, for a total purchase price consisting of: (i) \$3,000 in cash (the "Cash Purchase Price"); (ii) shares of the Company's common stock having an aggregate value of \$3,000 priced at \$3.50 per share (the "Shares"); and (iii) an earn-out payment in the form of additional shares of the Company's common stock with an aggregate value of \$500, contingent upon the achievement of specified revenue targets during a thirty-six (36) month earn-out period, all as further described in the Securities Purchase Agreement (the "Earn-Out Shares," and collectively with the Cash Purchase Price and Share Consideration, the "Purchase Price").

The contingent consideration associated with the Earn-Out Shares of \$478 reflects the estimated fair value, at the acquisition date, of contingent future cash payments of up to \$500 to the Sellers under an "earn-out" provision of the Securities Purchase Agreement. The Company determined the estimated acquisition date of fair value of the contingent consideration using a Monte Carlo simulation. Significant assumptions included a discount rate of 3.5% and an assumed income tax rate of 26.5% as well as projected net sales derived from internal forecasts and a three-month revenue volatility rate of 1.6%.

This contingent consideration liability will be remeasured at fair value for each reporting period until the contingency is resolved, with changes in fair value recognized in operating expenses. During the six months ended June 30, 2026, the Company did not recognize a change in fair value of contingent consideration. Significant assumptions included a discount rate of 3.6% and an assumed income tax rate of 26.5% as well as projected net sales derived from internal forecasts and a three-month revenue volatility rate of 2.4%.

The condensed consolidated financial statements of the Company include the results of operations of Evoke from April 30, 2025 to June 30, 2026 and do not include results of operations for periods prior to April 30, 2025.

The following table presents the unaudited pro forma condensed consolidated results of operations for the three and six months ended June 30, 2026 and 2025 as if the acquisition of Evoke occurred at the beginning of fiscal year 2025. The pro forma information provided below is compiled from the preacquisition financial information of Evoke and includes pro forma adjustments to give effect to (i) amortization expense associated with the acquired intangible assets. The pro forma results are not necessarily indicative of (i) the results of operations that would have occurred had the operations of this acquisition actually been acquired at the beginning of fiscal year 2025 or (ii) future results of operations. The results of operations of Evoke from January 1, 2025 to April 30, 2025 included revenues of \$514 and a net loss of \$256.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues	\$ 514	\$ 408	\$ 999	\$ 856
Net loss	\$ (1,984)	\$ (1,857)	\$ (3,988)	\$ (15,019)

NOTE 5: ACCOUNTS AND OTHER RECEIVABLES

Details of accounts and other receivables balance is as follows:

	June 30, 2026	December 31, 2025
Accounts receivable	\$ 150	\$ 124
Allowance for expected credit losses	(22)	(10)
Other receivables	60	80
Total	\$ 188	\$ 194
	June 30, 2026	December 31, 2025
Allowance for credit losses at beginning of period	\$ 10	\$ 112
Provision for bad debt	12	10
Accounts written off	-	(112)
Allowance for credit losses at end of period	\$ 22	\$ 10

NOTE 6: PREPAID EXPENSES

Details of prepaid expenses balance is as follows:

	June 30, 2026	December 31, 2025
Shares issued for prepaid services	\$ 394	\$ 780
Prepaid expenses	373	198
Total (current)	\$ 767	\$ 978
Shares issued for prepaid services	\$ -	\$ -
Prepaid expenses	352	268
Total (non-current)	\$ 352	\$ 268

NOTE 7: INVENTORY

Details of inventory balance is as follows:

	June 30, 2026	December 31, 2025
Raw Materials	\$ 44	\$ 108
Work In Process	-	-
Finished Goods	-	-
Total	\$ 44	\$ 108

NOTE 8: EQUIPMENT

Equipment balance is as follows:

	June 30, 2026	December 31, 2025
Medical equipment, cost	\$ 148	\$ 148
Medical equipment subject to operating leases, cost	216	123
Office Equipment	40	32
Less – accumulated depreciation	(75)	(58)
Less - Impairment	(99)	(99)
Equipment, net	\$ 230	\$ 146

Depreciation expenses was \$10 and \$17 for the three and six months ended June 30, 2026, respectively.

Medical equipment subject to operating leases includes hardware leased to customers as part of the Company's products and services offerings.

NOTE 9: LEASES

The Company enters into subscription agreements with customers under which it leases EEG equipment and provides services related to EEG testing. The lease terms range from 1 to 2 years. The subscription arrangements are classified as an operating lease. The leases do not transfer ownership of the underlying assets to the customer, do not provide the customer with a purchase option that is reasonably certain to be exercised, and the lease terms do not represent a major part of the remaining economic life of the underlying assets. The underlying assets subject to operating leases consist of EEG equipment. These assets remain on the Company's balance sheet and are depreciated over their estimated useful lives.

Future undiscounted cash flows from the Company's operating leases are as follows:

Year	
2026	\$ 436
2027	342
2028	45
2029	-
2030	-
Thereafter	-
Total	\$ 823

NOTE 10: INTANGIBLE ASSETS, NET AND GOODWILL

The following tables summarize the composition of intangible assets as of June 30, 2026 and December 31, 2025:

	June 30, 2026				
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount	Weighted Average Life
Finite lived intangible assets					
Developed technology	700	(91)	-	609	7.84
Trade names	150	(57)	-	93	1.84
Non-compete agreements	110	(26)	-	84	3.84
Total intangible assets	\$ 960	\$ (174)	\$ -	\$ 786	6.44

	December 31, 2025				
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount	Weighted Average Life
Finite lived intangible assets					
BNA software	\$ 1,109	\$ (84)	\$ (1,025)	\$ -	-
Developed technology	700	(52)	-	648	8.33
Trade names	150	(33)	-	117	2.33
Non-compete agreements	110	(14)	-	96	4.33
Total intangible assets	\$ 2,069	\$ (183)	\$ (1,025)	\$ 861	6.93

Amortization expense was \$37 and \$75 for the three and six months ended June 30, 2026, respectively.

The estimated aggregate future amortization expense for intangible assets subject to amortization as of June 30, 2026, is summarized below:

	Estimated Future Amortization Expense
2026	\$ 75
2027	150
2028	116
2029	100
2030 and thereafter	345
Total	\$ 786

NOTE 11: LIABILITY FOR EMPLOYEE RIGHTS UPON RETIREMENT

Israeli labor law requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain circumstances. Pursuant to Section 14 of the Israeli Severance Pay Law, 1963, all of the Company's employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Payments made in accordance with Section 14 relieve the Company from any future severance payments with respect to those employees. In accordance with the Israeli Severance Pay Law, 1963, severance payments, which are included in salary and employee benefits, were \$10 and \$17 for the three and six months ended June 30, 2026, and were \$11 and \$22 for the three and six months ended June 30, 2025, respectively.

NOTE 12: COMMITMENTS AND CONTINGENCIES

a. Royalty Commitment - Israeli Innovation Authority ("IIA")

The Company is committed to pay royalties to the State of Israel, through the Israel Innovation Authority ("IIA"), on proceeds from sales of products in which the IIA participated by way of grants for research and development. No grants were received in the period beginning January 1, 2024 through June 30, 2026. Under the terms of the prior IIA grant agreements, the principal value of financial assistance received along with annual interest based on London Inter-Bank Offered Rate ("LIBOR") is repayable in form of royalties at 3.0% of BNA™ sales. Since the elimination of LIBOR, the Secured Overnight Financing Rate ("SOFR") subsequently replaced LIBOR as a reference rate of interest for IIA grant agreements. In the case of lack of commercial feasibility of the project that was financed using the grant, the Company is not obligated to pay any royalty. The Company cannot reasonably determine the outcome of the commercialization of the underlying technology and considers the liability to be contingent upon generation of sales utilizing said underlying technology, hence no liability has been recognized as of June 30, 2026, and December 31, 2025. The contingent liability amounts to \$5,885 and \$5,835 for June 30, 2026, and December 31, 2025 respectively.

Sale of the technology developed utilizing the grants from IIA is restricted and is subject to IIA's approval.

b. Legal Proceedings

The Company is subject to various claims, complaints, and legal actions in the normal course of business from time to time. After consulting with counsel, the Company is not aware of any currently pending litigation for which it believes the outcome could have a material adverse effect on its operations or financial position.

NOTE 13: EQUITY

a. Shares

On February 3, 2026, the Company filed a Prospectus Supplement to amend a registration statement with the Securities and Exchange Commission for an at-the-market ("ATM") offering program pursuant to which the Company may, from time to time, offer and sell shares of its common stock having an aggregate offering price of up to \$7,434. The registration statement became effective on February 3, 2026. As of June 30, 2026, the Company had not sold any shares under the ATM program.

On March 8, 2026, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain accredited investors (the "Investors") for a private placement of units ("Units") at a purchase price of \$1.50 per Unit. On March 12, 2026 (the "Initial Closing"), the Company issued 1,500,000 Units for aggregate gross proceeds of \$2,250.

Each Unit consists of: (i) one share of common stock (par value \$0.0001), or a pre-funded warrant to purchase one share of common stock at \$0.0001 per share for investors subject to beneficial ownership limitations of 4.99% or 9.99%; (ii) one warrant to purchase one share of common stock at \$1.88 per share exercisable over five years; and (iii) one warrant to purchase one share of common stock at \$2.50 per share exercisable over five years.

The offering was conducted as a private placement under Section 4(a)(2) of the Securities Act of 1933 and/or Rule 506(b) of Regulation D, and was structured to comply with Nasdaq Listing Rule 5635(d) without requiring stockholder approval.

In connection with the Purchase Agreement, each Investor entered into a Lock-Up Agreement restricting transfers of all securities issued under the Purchase Agreement for six months following the Initial Closing (through September 12, 2026), followed by a six-month graduated release of one-sixth of restricted securities per month through March 12, 2027.

On April 16, 2026, the Company consummated an additional closing (the "Additional Closing") under the Purchase Agreement, pursuant to which the Company issued 5,333,333 units at a purchase price of \$1.50 per unit for aggregate gross proceeds of \$8,000. Each unit consisted of either one share of common stock or one pre-funded warrant exercisable at \$0.0001 per share, together with (i) one five-year common stock purchase warrant to purchase one share of common stock at an exercise price of \$1.88 per share (the "150% Warrants") and (ii) one five-year common stock purchase warrant to purchase one share of common stock at an exercise price of \$2.50 per share (the "200% Warrants"). In connection with the Additional Closing, the Company issued 762,208 shares of common stock, a pre-funded warrant to purchase 4,571,125 shares of common stock, 150% Warrants to purchase 5,333,333 shares of common stock, and 200% Warrants to purchase 5,333,333 shares of common stock, all warrants expiring April 16, 2031. The exercise of all warrants is subject to a 4.99% beneficial ownership limitation. In connection with the Additional Closing, the Company and the investor entered into an amended and restated lock-up agreement restricting transfers of the securities for a 30-day period ending May 16, 2026.

The securities described above were offered and sold in private placements in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder.

b. Warrants

The following table summarizes the Company's warrant activity for the six months ended June 30, 2026:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Outstanding warrants, December 31, 2025	900,738	\$ 16.26	6.65
PIPE 2026 warrants	13,666,666	2.19	-
Exercised	-	-	-
Warrants Expired	-	-	-
Outstanding warrants, June 30, 2026	14,567,404	\$ 2.84	4.58

c. Warrants exercisable for little or no consideration

Warrants exercisable for little or no consideration are fully vested warrants that allow the holders to acquire a specified number of the issuer's shares at a nominal exercise price. The following table summarizes the Company's penny warrant activity for the six months ended June 30, 2026:

	Number of Warrants	Weighted Average Remaining Life (Years)
Outstanding warrants, December 31, 2025	107,591	-
Pre-Funded Warrants (Note 13.a)	5,620,159	4.95
Exercised	-	-
Expired	-	-
Outstanding warrants, June 30, 2026	5,727,750	4.69

d. Employees stock option plan

A summary of option activity under the Company's equity incentive plan as of June 30, 2026, and changes during the period then ended is presented below.

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding Options, December 31, 2025	343,499	\$ 7.01	2.78	\$ -
Options granted	-	-	-	-
Options forfeited	(18,023)	21.09	-	-
Outstanding Options, June 30, 2026	325,476	\$ 6.23	2.19	\$ -

The share-based compensation expense related to options for the three and six months ended June 30, 2026 was \$10 and \$19, respectively and \$(43) and \$43 for three and six months ended June 30, 2025, respectively. The fair value of options granted for the six months ended June 30, 2026 and 2025, was \$nil and \$34, respectively. The intrinsic value of the options outstanding as of June 30, 2026 is \$nil (December 31, 2025: \$nil).

A summary of the Company's nonvested options as of June 30, 2026, and changes during the six-month period ended, is presented below.

	Number of Stock Options	Weighted Average Grant-Date Fair Value
Non-Vested Options, December 31, 2025	61,058	\$ 4.94
Options granted	-	-
Options vested	(51,449)	-
Options forfeited	(1,534)	-
Non-Vested Options, June 30, 2026	8,075	\$ 3.14

As of June 30, 2026, there was \$14 of total unrecognized compensation cost related to nonvested options granted to be recognized over the next year.

e. Restricted share units ("RSUs")

A summary of RSU activity under the Company's equity incentive plan as of June 30, 2026, and changes during the period ended is presented below.

	Number of Stock RSUs	Aggregate Intrinsic Value
Outstanding, December 31, 2025	357,870	\$ 315
RSUs granted	342,231	-
RSUs vested	(206,059)	-
Outstanding, June 30, 2026	494,042	\$ 598

The share-based compensation expense related to RSUs for the three and six months ended June 30, 2026 was \$175 and \$507, respectively and \$70 and \$71 for the three and six months ended June 30, 2025, respectively. The fair value of RSUs granted for the six months ended June 30, 2026, and 2025, was \$575 and \$1,051, respectively.

The fair value of each RSU is estimated based on the grant-date fair value of the underlying share of common stock.

A summary of the Company's nonvested RSUs as of June 30, 2026, and changes during the three-month period ended, is presented below.

	Number of Stock RSUs	Weighted Average Grant-Date Fair Value
Non-vested RSUs, December 31, 2025	357,870	\$ 3.19
RSUs granted	342,231	1.68
RSUs vested	(206,059)	2.35
Non-vested RSUs, June 30, 2026	494,042	\$ 2.49

As of June 30, 2026, there was \$1,200 of total unrecognized compensation cost related to nonvested RSUs granted. That cost is expected to be recognized over a weighted average period of 2.11 years.

f. Deferred stock units ("DSUs")

A summary of DSU activity under the Company's equity incentive plan as of June 30, 2026, and changes during the period ended, is presented below.

	Number of Deferred Stock Units	Aggregate Intrinsic Value
Outstanding DSUs, December 31, 2025	239,084	\$ 152
DSUs granted	-	-
Outstanding DSUs, June 30, 2026	239,084	\$ 289

The share-based compensation expense related to DSUs for the three and six months ended June 30, 2026 was \$83 and \$165, respectively and \$50 and \$167 for the three and six months ended June 30, 2025, respectively. The fair value of DSUs granted for the six months ended June 30, 2026, and 2025, was \$nil and \$209, respectively.

The fair value of each DSU is estimated based on the grant-date fair value of the underlying share of common stock.

A summary of the Company's nonvested DSUs as of June 30, 2026, and changes during the three-month period ended, is presented below.

	Number of Stock DSUs	Weighted Average Grant-Date Fair Value
Non-vested DSUs, December 31, 2025	172,416	\$ 1.92
DSUs granted	-	-
DSUs vested	(86,206)	-
Non-vested DSUs, June 30, 2026	86,210	\$ 1.92

As of June 30, 2026, there was \$109 of total unrecognized compensation cost related to nonvested DSUs granted. That cost is expected to be recognized over a weighted average period of 4 months.

NOTE 14: BASIC AND DILUTED NET LOSS PER SHARE

Basic net loss per common share is computed by dividing net loss attributable to holders of common stock by the weighted average number of shares of common stock outstanding during the period. Weighted average number of shares of common stock outstanding during the period computation includes shares of common stock to be contractually issued as of the period end date and warrants exercisable for little or no consideration in relation to the share price. Shares of common stock that were issued and are subject to vesting conditions are not considered outstanding during the requisite service period.

Diluted net loss per common share is computed by giving effect to all potential dilutive shares of common stock that were outstanding during the period when the effect is dilutive. As of June 30, 2026, potential dilutive shares of common stock consist of shares issuable upon exercise of stock options, warrants, RSUs and DSUs. No adjustments have been made to the weighted average outstanding shares of common stock figures for the six months ended June 30, 2026, or 2025, as the assumed conversion would be anti-dilutive.

The following table summarizes the potential shares of common stock that were excluded from the computation of diluted net loss per share, as such shares would have had an anti-dilutive effect:

	2026	2025
Warrants (Note 13.b)	14,567,404	1,721,381
Stock options (Note 13.d)	325,476	376,269
Unvested RSUs (Note 13.e)	494,042	311,194
Unvested DSUs (Note 13.f)	86,210	16,668
Total	15,473,132	2,425,512

For the purposes of the computation of basic and diluted net loss per share, an amount recognized as a deemed dividend reduced net loss available to common stockholders in a manner similar to the application of the two-class method. The net loss available to common stockholders for the six months ended June 30, 2026 and 2025 was adjusted by the deemed dividend associated with the Inducement Agreement.

NOTE 15: REVENUE

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Type of goods and services				
Service	\$ 164	\$ 223	\$ 380	\$ 232
Rentals	5	32	20	66
Product	92	44	179	44
Subscriptions	243	-	404	-
Other miscellaneous products	10	-	16	-
Total	\$ 514	\$ 299	\$ 999	\$ 342
Timing of recognition of revenue				
Point in time	213	267	508	276
Over time	301	32	491	66
Total	\$ 514	\$ 299	\$ 999	\$ 342

	Six Months Ended June 30,	
	2026	2025
Deferred revenue - beginning of period	\$ 249	\$ 13
Acquired in Evoke business combination	-	252
Increases due to consideration received from customers	464	283
Revenue recognized	(491)	(222)
Deferred revenue - end of period	\$ 222	\$ 326

The deferred revenue balance at June 30, 2026 consists of \$215 classified as current and \$7 classified as non-current on the condensed consolidated balance sheet.

NOTE 16: SEGMENT REPORTING

The Company has one reportable segment managed on a consolidated basis: Firefly Products. The Company derives revenue primarily in North America and manages the business activities on a consolidated basis. The technology used in our customer arrangements is based on a single software platform that is deployed to and implemented by customers in a similar manner. The service term for the software arrangements is variable. The Company does not have intra-entity sales or transfers.

The Company's chief operating decision maker ("CODM") is the Chief Executive Officer, who reviews financial information presented on a consolidated basis to allocate resources, evaluate financial performance and make overall operating decisions. The measure of segment profit or loss that is most consistent with the consolidated financial statements is consolidated net loss. The accounting policies of our single reportable segment are the same as those for the consolidated financial statements. The level of disaggregation and amounts of significant segment expenses that are regularly provided to the CODM are the same as those presented in the consolidated statements of operations. Likewise, the measure of segment assets is reported on the consolidated balance sheets as total assets.

NOTE 17. SUBSEQUENT EVENTS

On August 5, 2026, the Company's stockholders approved Certificate of Amendment No. 2 to the Company's Amended and Restated Certificate of Incorporation, decreasing the total number of authorized shares of capital stock from 5,001,000,000 to 101,000,000, consisting of 100,000,000 shares of common stock, par value \$0.0001 per share, and 1,000,000 shares of preferred stock, par value \$0.0001 per share. As of August 5, 2026, the Certificate of Amendment has been filed with the Delaware Secretary of State and the decrease in authorized shares has become effective. This change will not affect the number of shares issued or outstanding and will have no impact on the Company's historical financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. The information set forth below should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in the Form 10-Q as well as the audited consolidated financial statements and the notes thereto contained in our Annual Report on 10-K filed with the Securities and Exchange Commission (the "SEC") on March 31, 2026. Unless stated otherwise, references in this Quarterly Report on Form 10-Q to "us," "we," "our," or our "Company" and similar terms refer to Firefly Neuroscience, Inc., a Delaware corporation and its subsidiaries. All amounts are disclosed in thousands, except share and per share amounts and price.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Form 10-Q may constitute "forward-looking statements" for purposes of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are any statements that look to future events and include, but are not limited to, statements regarding our business strategy, plans and objectives; anticipated future operating results and operating expenses, cash flows, capital resources, and liquidity; trends, opportunities and risks affecting our business, industry and financial results; the expected benefits of use of our solutions; future expansion or growth plans and potential for future growth; our business prospects; our systems and technology, future profitability; the sufficiency of our existing cash and cash equivalents to meet our working capital and capital expenditure needs over the next twelve months; acquisitions; and our expectations or beliefs concerning future events. In addition, the words "anticipates," "appear," "approximate," "believe," "continue," "could," "estimate," "expect," "foresee," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements are neither historical facts nor assurances of future performance, and are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict, and many of which are outside of our control. Therefore, you should not place undue reliance on these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- fluctuation and volatility in market price of our common stock due to market and industry factors, as well as general economic, political and market conditions;
- our ability to continue as a going concern;
- the impact of dilution on our stockholders, including through the issuance of additional equity securities in the future;
- our ability to realize the intended benefits of the Merger;
- our ability to realize the intended benefits of the Acquisition;
- the impact of our ability to realize the anticipated tax impact of the Merger;
- the outcome of litigation or other proceedings may become subject to in the future;
- delisting of our common stock from the Nasdaq Capital Market ("Nasdaq") or the failure for an active trading market to develop;
- the failure of our altered business operations, strategies and focus to result in an improvement for the value of our common stock;
- the availability of and our ability to continue to obtain sufficient funding to conduct planned operations and realize potential profits;

- our limited operating history;
- the impact of the complexity of the regulatory landscape on our ability to seek and obtain regulatory approval for our products, both within and outside of the U.S.;
- challenges that we may face with maintaining regulatory approval;
- the impact of the concentration of capital stock ownership with our insiders on stockholders' ability to influence corporate matters.
- the impacts of future acquisitions of businesses or products and the potential to fail to realize intended benefits of such acquisition;
- the potential impact of changes in the legal and regulatory landscape, both within and outside of the U.S.;
- our dependence on third parties;
- challenges we may face with respect to our products achieving market acceptance;
- the impact of pricing of our products;
- our ability to obtain, maintain and protect its trade secrets or other proprietary rights, operate without infringing upon the proprietary rights of others and prevent others from infringing on its proprietary rights;
- our ability to maintain adequate cyber security and information systems;
- our ability to generate sufficient revenue to achieve and sustain profitability;
- the risk that our significant increased expenses and administrative burdens as a public company could have an adverse effect on our business, financial condition and results of operations; and
- the other factors set forth in the "Risk Factors" section of this Form 10-Q and our other documents filed with the SEC under the heading "Risk Factors."

These forward-looking statements are based on information available as of the date of this Form 10-Q and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on March 31, 2026 (the "2025 Annual Report"). If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events or information as of the date on which the statements are made in this Quarterly Report on Form 10-Q. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

Overview

Firefly Neuroscience, Inc. is an artificial intelligence company advancing precision neuroscience, applying AI and large-scale electrophysiological data to give clinicians a more complete, objective picture of how an individual patient's brain is functioning.

Firefly Neuroscience, Inc. is rebuilding the foundation of how electrophysiological data flows into clinical decision-making for brain health. We believe the brain is the most under-measured organ in medicine, and that the tools to change this have, until now, been inaccessible to the clinicians who need them most.

We have built the Firefly Platform: a vertically integrated hardware, software, and data infrastructure that captures standardized electroencephalographic (EEG) and event-related potential (ERP) assessments at the point of care, analyzes that data through our proprietary analytics engine, and delivers structured, clinician-ready reports back to the provider, all within a single seamless workflow. Every scan expands and enriches our database. Every clinic that joins our network increases the depth and diversity of our data. We describe this compounding relationship between clinical deployment, data acquisition, and report quality as the Firefly Flywheel.

Our FDA-510(k) cleared Evoke EEG System, commercially deployed as the Evoke EEG System, is in active use across more than 85 clinical sites in the United States as of June 30, 2026. Clinicians use the system to perform EEG and ERP assessments, which are analyzed by our cloud-based platform and returned as structured reports designed to support clinical decision-making. Our subscription-based commercial model creates a recurring revenue stream that scales in lockstep with clinical utilization, meaning that the more deeply clinicians integrate electrophysiological assessment into their practice, the more revenue we generate and the more our database grows.

Recent Developments

At the Market Offering Agreement

On February 3, 2026, we entered into an At the Market Offering Agreement (the "ATM Agreement") with Konik Capital Partners, LLC, a division of T.R. Winston and Company, LLC ("Konik"), pursuant to which we may, from time to time, offer and sell shares of our Common Stock, par value \$0.0001 per share, having an aggregate sales price of up to \$7,434 (the "ATM Shares") through Konik as principal or agent. Sales of the ATM Shares through Konik, if any, will be made by any method permitted by law deemed to be an "at the market offering" (the "ATM"), as defined in Rule 415(a)(4) under the Securities Act. Konik will use commercially reasonable efforts consistent with its normal trading and sales practices and applicable law and regulations to sell the ATM Shares from time to time, based on instructions from the Company.

The offer and sale of shares of Common Stock is being made pursuant to the Company's shelf registration statement on Form S-3, which was filed with the SEC on December 3, 2025 (File No. 333-282931) (the "Shelf Registration Statement"), and a related prospectus, as supplemented by prospectus supplements pursuant to Rule 424(b) under the Securities Act. The Shelf Registration Statement was declared effective by the SEC on December 5, 2025.

We have no obligation to sell, and Konik is not obligated to buy or sell, any of the ATM Shares under the ATM Agreement and may at any time suspend offers under the ATM Agreement or terminate the ATM Agreement as provided for in the ATM Agreement. The offering of the ATM Shares will terminate upon the earlier of (i) the sale, pursuant to the ATM Agreement, of ATM Shares having an aggregate offering price of \$7,434, and (ii) the termination by the Company or Konik of the ATM Agreement pursuant to its terms.

We will pay Konik a commission equal to 2.0% of the aggregate gross proceeds from the sales of ATM Shares sold through Konik under the ATM Agreement and will also reimburse Konik for the fees and costs of its legal counsel reasonably incurred in connection with entering into the transactions contemplated by the ATM Agreement in an amount not to exceed \$50 in the aggregate, and up to an additional \$5 per due diligence update session (and in no event more than \$20 per fiscal year) for diligence and maintenance of the ATM Agreement. The ATM Agreement contains certain covenants, representations and warranties customary for an agreement of this type. We agreed to provide indemnification and contribution to the Sales Agent against certain liabilities, including liabilities under the Securities Act.

As of June 30, 2026 we had not sold any shares under the ATM Agreement.

March 2026 Units Offering

On March 8, 2026, we entered into a securities purchase agreement (the "March 2026 Purchase Agreement") with certain accredited investors (each a "March 2026 Investor" and, collectively, the "March 2026 Investors"), pursuant to which we agreed to issue and sell up to 13,500,000 units (each a "March 2026 Unit" and, collectively, the "March 2026 Units"), at a purchase price of \$1.50 per March 2026 Unit. Pursuant to the March 2026 Purchase Agreement, (i) the March 2026 Investors agreed to purchase March 2026 Units for an aggregate purchase price of \$2,250, (the "Initial Investment") at an initial closing (the "Initial Closing"), and (ii) the March 2026 Investors had the right, but not the obligation, to purchase in the aggregate up to \$18,000 of March 2026 Units (the "Additional Investment") in one or more subsequent closings (each, an "Additional Closing" and, together with the Initial Closing, each a "Closing") in respect of one or more Additional Investments, within 30 days following the Initial Closing.

Each March 2026 Unit consists of (i) either (A) one share of Common Stock, or (B) a prefunded warrant to purchase one share of Common Stock (each a "March 2026 Pre-Funded Warrant" and, collectively, the "March 2026 Pre-Funded Warrants") at a nominal exercise price of \$0.0001 per share, to the extent that acquiring the shares of Common Stock instead of the March 2026 Pre-Funded Warrants would have caused the March 2026 Investors to own in excess of 4.99% or 9.99%, as applicable to each such March 2026 Investor, of the outstanding Common Stock on a post-issuance basis; (ii) one common stock purchase warrant (each a "150% Warrant" and, collectively, the "150% Warrants") to purchase one share of Common Stock over five (5) years at an exercise price of \$1.88 per share; (iii) one common stock purchase warrant (the "200% Warrant", together with the March 2026 Pre-Funded Warrants and 150% Warrants, the "March 2026 Warrants") to purchase one share of Common Stock over five (5) years at an exercise price of \$2.50 per share; and (iv) the issuance of the Common Stock upon the exercise of the March 2026 Warrants (collectively, the "March 2026 Warrant Shares"). The March 2026 Warrants include a beneficial ownership limitation, which provides that the Company shall not effect any exercise, and a holder shall not have the right to exercise any portion of the March 2026 Warrants, to the extent that, after giving effect to such exercise, the holder (together with the holder's affiliates) would beneficially own more than 4.99% or 9.99%, as applicable to each such March 2026 Investor, of the outstanding shares of Common Stock immediately after the issuance of the Common Stock issuable upon exercise.

On March 12, 2026, the Initial Closing under the March 2026 Purchase Agreement occurred, and the Company issued 1,500,000 March 2026 Units to the March 2026 Investors at a total purchase price of \$2,250.

The offering was conducted as a private placement under Section 4(a)(2) of the Securities Act of 1933 and/or Rule 506(b) of Regulation D, and was structured to comply with Nasdaq Listing Rule 5635(d) without requiring stockholder approval.

On April 16, 2026, we consummated an Additional Closing under the March 2026 Purchase Agreement pursuant to which we issued 5,333,333 units at a purchase price of \$1.50 per unit for aggregate gross proceeds of \$8,000. Each unit consisted of either one share of Common Stock or one pre-funded warrant exercisable at \$0.0001 per share, together with (i) one five-year Common Stock purchase warrant to purchase one share of Common Stock at an exercise price of \$1.88 per share and (ii) one five-year Common Stock purchase warrant to purchase one share of common stock at an exercise price of \$2.50 per share. See Note 13 — Equity for additional details.

May 2026 Units Offering

On May 6, 2026, we entered into a securities purchase agreement (the "May 2026 Purchase Agreement") with an accredited investor (the "May 2026 Investor"), pursuant to which we agreed to issue and sell to the May 2026 Investor up to 666,667 units (each a "May 2026 Unit" and, collectively, the "May 2026 Units"), at a purchase price of \$1.50 per May 2026 Unit, for aggregate gross proceeds of up to \$1,000. Each May 2026 Unit consisted of (i) one share of Common Stock; (ii) one common stock purchase warrant to purchase one share of Common Stock over five years at an exercise price of \$1.88 per share; and (iii) one common stock purchase warrant to purchase one share of Common Stock over five years at an exercise price of \$2.50 per share. The May 2026 Warrants were not to become exercisable until the Company obtained approval from its stockholders for the issuance of the underlying Common Stock. Subsequently on June 25, 2026, we and the May 2026 Investor mutually agreed to terminate the May 2026 Purchase Agreement. No units were issued and no proceeds were received under the May 2026 Purchase Agreement prior to its termination.

Financial Operations Overview

Revenue

Revenue consists of subscriptions with associated equipment, per-use fees, equipment sales, equipment rentals, and the undertaking of projects and/or clinical studies and other related services. In the future, we plan to generate revenue through two commercial channels: through the use of our products by healthcare professionals in the United States and through collaborations with pharmaceutical companies in support of neuroscience drug development.

Operating Expense

Costs of goods sold

Cost of goods sold consists of product manufacturing expenses related to the Evoke and Versus products acquired in the Evoke transaction, customer support costs and depreciation of Firefly provided customer equipment.

Research and Development Expense

Research and development expenses represent costs incurred to conduct research and development, such as the development/enhancements of the Evoke Platform and BNA technology. We recognize all research and development costs as they are incurred. Research and development expenses consist primarily of the following:

- salaries and benefits;
- consulting arrangements; and
- other expenses incurred to advance our research and development activities.

We expect research and development expenses to continue to increase in the future as we further refine and optimize our products and invest in their evolution. It is likely that we will continue to evaluate opportunities and strategic partnerships to acquire or license other products and technologies, which may result in higher research and development expenses due to licensing fees and/or integrations.

Selling and Marketing Expenses

Selling and marketing expenses consist of employee-related expenses, including salaries, benefits, travel, clinical fees and other marketing functions such as conferences, as well as fees paid for consulting services.

General and Administrative Expenses

General and administrative expenses consist of employee-related expenses, including salaries, benefits, travel and noncash stock-based compensation, and other administrative functions, as well as fees paid for legal, and accounting services, consulting fees and facilities costs not otherwise included in research and development expense. Legal costs include general corporate legal fees and patent costs. We expect to incur additional expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and Nasdaq, additional insurance, investor relations and other administrative expenses and professional services.

Other Income (Expense)

Other income (expense), consists, primarily of interest bank fees and loan fees, foreign exchange gain or loss, changes in derivative fair value, impairments and penalties.

Critical Accounting Estimates

There have been no material changes to our critical accounting estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

Results of Operations

Comparison of the Three Months Ended June 30, 2026 and 2025

The following table sets forth amounts from our condensed consolidated statements of operations for the three months ended June 30, 2026, and 2025:

	Three Months Ended June 30, \$US, in thousands		Change (\$)
	2026	2025	
REVENUE	\$ 514	\$ 299	\$ 215
COST OF GOODS SOLD	261	25	236
GROSS PROFIT	<u>253</u>	<u>274</u>	<u>(21)</u>
OPERATING EXPENSES:			
Research and development expenses	525	336	189
Selling and marketing expenses	180	199	(19)
General and administration expenses	1,522	1,373	149
TOTAL OPERATING EXPENSES	<u>2,227</u>	<u>1,908</u>	<u>319</u>
OPERATING LOSS	<u>(1,974)</u>	<u>(1,634)</u>	<u>(340)</u>
OTHER INCOME (EXPENSE)			
Interest and bank fees	(6)	(15)	9
Interest income	41	30	11
Foreign exchange gain (loss)	-	(7)	7
Change in derivative fair value	-	-	-
Loss on settlement	-	-	-
Other income (expenses)	(45)	(203)	158
TOTAL OTHER INCOME (EXPENSES)	<u>(10)</u>	<u>(195)</u>	<u>185</u>
LOSS BEFORE INCOME TAX	<u>(1,984)</u>	<u>(1,829)</u>	<u>(155)</u>
Provision for income tax	-	4	(4)
NET LOSS	<u>\$ (1,984)</u>	<u>\$ (1,833)</u>	<u>(151)</u>

Revenue

Revenue for the three months ended June 30, 2026, was \$514, as compared to \$299, in the three months ended June 30, 2025, representing an increase of \$215, or 72%. The increase is primarily due to revenue from the acquisition of Evoke Neuroscience.

Cost of Goods Sold

Cost of goods sold for the three months ended June 30, 2026, was \$261, up from \$25 in the same period of 2025, reflecting Evoke's Versus material costs representing 47% of the increase and people costs representing another 41%.

Operating Expenses

Research and Development Expenses

Research and development expenses for the three months ended June 30, 2026, were \$525, as compared to \$336, for the three months ended June 30, 2025, representing an increase of \$189, or 56%. The increase was primarily due to an increase in spending on product development.

Selling and Marketing Expenses

Selling and marketing expenses for the three months ended June 30, 2026, were \$180, as compared to \$199, for the three months ended June 30, 2025, representing a decrease of \$19, or 10%. The decrease was primarily due to headcount reduction.

General and Administration Expenses

General and administration expenses for the three months ended June 30, 2026, were \$1,522 as compared to \$1,373, for the three months ended June 30, 2025, representing an increase of \$149, or 11%. The increase was primarily due to an increase in bonus expense.

Other Income (Expense)

Other Income (Expense) for the three months ended June 30, 2026, was \$10, as compared to \$195, for the three months ended June 30, 2025, representing a decrease in income of \$185 or 95%. The primary reason for the decrease is the result of a settlement for debt reached in June 2025 with an expense of \$172.

Comparison of the Six Months Ended June 30, 2026 and 2025

The following table sets forth amounts from our condensed consolidated statements of operations for the six months ended June 30, 2026, and 2025:

	Six Months Ended June 30, \$US, in thousands		Change (\$)
	2026	2025	
REVENUE	\$ 999	\$ 342	\$ 657
COST OF GOODS SOLD	525	25	500
GROSS PROFIT	<u>474</u>	<u>317</u>	<u>157</u>
OPERATING EXPENSES:			
Research and development expenses	949	648	301
Selling and marketing expenses	321	407	(86)
General and administration expenses	3,188	2,961	227
Impairment of intangible assets	-	-	-
TOTAL OPERATING EXPENSES	<u>4,458</u>	<u>4,016</u>	<u>442</u>
OPERATING LOSS	<u>(3,984)</u>	<u>(3,699)</u>	<u>(285)</u>
OTHER INCOME (EXPENSE)			
Interest and bank fees	(13)	(143)	130
Interest income	55	30	25
Foreign exchange gain (loss)	(1)	(4)	3
Change in derivative fair value	-	(9,369)	9,369
Loss on settlement of convertible promissory note	-	(1,353)	1,353
Other income (expense)	(45)	(221)	176
TOTAL OTHER INCOME (EXPENSE)	<u>(4)</u>	<u>(11,060)</u>	<u>11,056</u>
LOSS BEFORE INCOME TAX	<u>(3,988)</u>	<u>(14,759)</u>	<u>10,771</u>
Provision for income tax	-	4	(4)
NET LOSS	<u>\$ (3,988)</u>	<u>\$ (14,763)</u>	<u>\$ 10,775</u>

Revenue

Revenue for the six months ended June 30, 2026, was \$999, as compared to \$342, for the six months ended June 30, 2025, representing an increase of \$657, or 192%. The increase is primarily due to revenue from the acquisition of Evoke Neuroscience.

Cost of Goods Sold

Cost of goods sold for the six months ended June 30, 2026, was \$525, as compared to \$25, for the six months ended June 30, 2025, reflecting Evoke material costs representing an increase of \$500. The increase is due to material costs associated with Evoke and Versus products representing 41% of the increase and the formation of a Customer Success team representing 37% of the increase.

Operating Expenses

Research and Development Expenses

Research and development expenses for the six months ended June 30, 2026, were \$949, as compared to \$648, for the six months ended June 30, 2025, representing an increase of \$301, or 46%. The increase was due to the expense of the remainder of a prepaid agreement representing 48% of the increase and the addition of dedicated development staff representing the remainder.

Selling and Marketing Expenses

Selling and marketing expenses for the six months ended June 30, 2026, were \$321, as compared to \$407, for the six months ended June 30, 2025, representing a decrease of \$86, or 21%. The decrease was primarily due to headcount reduction.

General and Administration Expenses

General and administration expenses for the six months ended June 30, 2026, were \$3,188 as compared to \$2,961, for the six months ended June 30, 2025, representing an increase of \$227, or 8%. The increase was due to an increase in bonus expense representing 51% of the increase and higher franchise tax accruals representing a further 32% of the increase, reflecting the December 2025 increase in the Company's authorized shares, which first affected the Company's 2026 franchise tax assessment.

Other Income (Expense)

Other Income (Expense) for the six months ended June 30, 2026, was \$4, as compared to \$11,060, for the six months ended June 30, 2025, representing a decrease in income of \$11,056 or 100%. The primary reason for the decrease is a result of the settlement of the Convertible Promissory Note in Q1 2025 which resulted in an expense of \$10,722.

Liquidity and Capital Resources

The following discussion provides an analysis of our liquidity and capital resources and should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included in this Quarterly Report on Form 10-Q. Management evaluates liquidity and capital resources by reviewing cash flows from operating, investing, and financing activities and assessing whether existing cash balances and anticipated cash flows are sufficient to meet current and anticipated operating requirements, working-capital needs, and planned capital expenditures.

As of June 30, 2026, we had cash of \$9,226, compared to \$2,747 as of December 31, 2025, an increase of \$6,479 during the six months ended June 30, 2026. The increase reflects net proceeds from the Initial Closing and the April 16, 2026 Additional Closing of our March 2026 private placement, partially offset by cash used in operating and investing activities during the period. Total aggregate gross proceeds raised under the Securities Purchase Agreement dated March 8, 2026, including both closings, were \$10,250.

For the next 12 months, we expect to continue to incur negative cash flows from operations as we integrate the Evoke and BNA products and continue to invest in the expansion of our sales organization. The acquisition has expanded our product portfolio and introduced recurring revenue from Evoke product sales; however, we do not expect revenue to be sufficient to cover operating expenses in the near term.

Beyond the next 12 months, our ability to achieve profitability will depend on the successful commercialization of our combined Evoke and BNA product portfolio. We expect to incur significant costs associated with continued product development, commercialization, and distribution activities. As a result, we will require substantial additional capital to fund ongoing operations and to implement our business strategy prior to achieving positive cash flows from operating activities.

Until we generate sufficient revenues from product sales to cover operating expenses, working-capital requirements, and capital expenditures, we expect to finance our operations through the issuance of equity, debt financing, or other sources of capital. There can be no assurance that such financing will be available to us on commercially reasonable terms, or at all. If we are unable to obtain additional financing as needed, we may be required to delay, reduce, or discontinue portions of our business plan, which could adversely affect our ability to continue operations.

There is substantial doubt about our ability to continue as a going concern, as evidenced by our accumulated deficit of \$115,558 and negative cash flows from operating activities of \$3,698 for the six months ended June 30, 2026. The report of our independent registered public accounting firm for the year ended December 31, 2025 also expressed substantial doubt about our ability to continue as a going concern.

Management's plan to address the conditions giving rise to substantial doubt includes: (i) disciplined operating expense management and integration synergies from the Evoke acquisition; (ii) targeted commercial expansion to drive recurring revenue from the combined Evoke and BNA product portfolio; and (iii) continued access to capital markets through equity financings, including our at-the-market offering program with up to \$7.4 million in available capacity. During the six months ended June 30, 2026, the Company raised \$10,277 in net proceeds through the Initial Closing and Additional Closing of a private placement of units and the exercise of warrants (see Note 13 - Equity). These plans involve assumptions about capital markets and customer demand that may not occur as expected, and there can be no assurance that the Company will be able to obtain additional funding on satisfactory terms or at all.

Our expectations regarding the sufficiency of our capital resources in the near term and our ability to obtain additional capital in the long term are based on estimates and assumptions that may prove to be inaccurate. As a result, we could exhaust our available capital resources sooner than anticipated and may not be able to obtain additional funding on favorable terms, or at all.

We have no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that would be material to investors.

Cash flows

The following table sets forth the significant sources and uses of cash for the periods noted below:

	Six Months Ended					
	June 30,					
	2026	2025	Change			
(in thousands)						
Net cash (used in) provided by						
Operating activities	\$	(3,698)	\$	(4,901)	\$	1,203
Investing activities	\$	(100)	\$	(2,379)	\$	2,279
Financing activities	\$	10,277	\$	11,388	\$	(1,111)

Operating Activities

For the six months ended June 30, 2026, net cash used in operating activities was \$3,698 as compared to \$4,901, for the six months ended June 30, 2025, representing a decrease of \$1,203, or 25%. This decrease in net cash used in operating activities is primarily due to a reduction in accrued liabilities during the six months ended June 30, 2025.

Investing Activities

For the six months ended June 30, 2026, net cash used in investing activities was \$100, as compared to \$2,379, cash used in investing activities for the six months ended June 30, 2025, representing a decrease of \$2,279, or 96%. The decrease in cash used in investing activities is primarily attributed to the acquisition of Evoke Neuroscience Inc..

Financing Activities

For the six months ended June 30, 2026, net cash provided from financing activities was \$10,277, as compared to \$11,388, for the six months ended June 30, 2025, representing a decrease of \$1,111, or 10%. The decrease was primarily shares being issued through the first half of 2026 vs warrants being exercised in 2025.

Known Trends, Events, and Uncertainties

We are increasingly reliant on machine learning models for EEG/ERP interpretation. Model performance depends on training data diversity and ongoing monitoring to ensure generalizability. Evolving regulatory guidance (including the FDA’s approach to AI/ML-enabled medical devices) and payer expectations could impact timelines and costs. Additionally, our handling of PHI and clinical data requires robust cybersecurity, vendor oversight, and compliance with HIPAA and CFR Part 11. A significant data reach, integrity failure, or model drift could adversely affect adoption, revenues, and our reputation.

As with other companies that are in our industry, we will need to successfully manage normal business and scientific risks. Research and development of new technologies is, by its nature, unpredictable. We cannot assure you that our technology will be adopted, that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. In addition, the emergence and effects of public health crises, such as pandemics and epidemics, are difficult to predict. Changes in U.S. and international trade policy, including tariffs imposed or threatened by the U.S. government during 2026 — such as the broad tariffs imposed and subsequently withdrawn or replaced following related litigation, new tariffs announced on a large number of U.S. trading partners, and additional tariffs specifically targeting Canadian goods — could have a material and significant impact on our business, including on the cost of components, products, and services sourced from or through affected jurisdictions, and remain subject to further change with limited notice. The consequences of the conflict between Israel and Hamas and the ceasefire framework in effect since October 2025, as well as the 2026 conflict among Israel, the United States, and Iran — including the ceasefire reached in April 2026, the subsequent memorandum of understanding regarding the Strait of Hormuz, and continuing regional tensions, sanctions, and countermeasures — together with the effects of these conflicts on our employees and operations in Israel, are difficult to predict, and could adversely impact geopolitical and macroeconomic conditions, the global economy, and contribute to increased market volatility, which may in turn adversely affect our business and operations. Furthermore, other than as discussed in this Form 10-Q, we have no committed source of financing and may not be able to raise money as and when we need it to continue our operations. If we cannot raise funds as and when we need them, we may be required to severely curtail, or even to cease, our operations.

Other than as discussed above and elsewhere in this Form 10-Q, we are not aware of any trends, events or uncertainties that are likely to have a material effect on our financial condition.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms, and that such information is accumulated and communicated to us, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and we apply our judgment in evaluating whether the benefits of the controls and procedures that we adopt outweigh their costs.

As required by Rule 13a-15(b) of the Exchange Act, an evaluation as of June 30, 2026, was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of June 30, 2026 were not effective for the reasons stated below.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed under the supervision and with the participation of our management including our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance (a) transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting policies (b) our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (c) regarding the prevention or timely detection of the unauthorized acquisition use or disposition of assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

As of June 30, 2026, our management conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). Based on this evaluation, our management concluded that, as of June 30, 2026, our internal control over financial reporting was not effective for the reasons stated in the following paragraph.

During our evaluations of internal controls, we concluded that material weaknesses exist in our internal controls over financial reporting as outlined below. These material weaknesses did not result in any identified misstatements, and there were no changes to previously reported financial results.

- (i) The Company does not have adequate Information Technology General Controls ("ITGCs") or related Information Produced by Entity (IPE) Controls resulting in transactional risk and subsequent downstream reporting risks;
- (ii) The Company does not have a segregation of duties to ensure information is consistently reviewed and approved by someone other than the preparer;

Remediation Plan for the Material Weaknesses

Management commenced the design and identification of controls in Q4 2025 and is in the process of implementing remediation measures throughout 2026. We expect to complete the design and implementation of the related controls during 2026 and, after the controls have operated for a sufficient period and have been tested, determine whether the material weaknesses have been remediated. The timing of completion is subject to the results of ongoing evaluation and testing.

Remediation efforts include but are not limited to (a) developing, documenting and enhancing processes surrounding ITGCs, and (b) hiring / contracting additional resources to support the financial reporting process. Management will test and evaluate the implementation of internal controls and revised processes to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material error in our financial statements. Management is committed to the remediation of the material weakness described above which began in Q4 2025 and into the remainder of 2026. Management has implemented and will continue to implement measures designed to ensure that the control deficiencies contributing to the material weaknesses are remediated, such that these controls are designed, implemented, and operating effectively during the remainder of the year with projected remediation date of Q4 2026.

Management will test and evaluate the implementation of internal controls and revised processes to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material error in our financial statements.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are not currently aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition, or operating results.

Item 1A. RISK FACTORS

There are no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K, as filed with the SEC on March 31, 2026.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

During the three months ended June 30, 2026, we did not sell any equity securities that were not subsequently registered under the Securities Act and that were not previously disclosed in a Current Report on Form 8-K.

Purchases of Equity Securities

No repurchases of our common stock were made during the three months ended June 30, 2026,

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

No information was required to be disclosed in a Current Report on Form 8-K during the three months ended June 30, 2026, but was not reported.

None of our directors or "officers," as defined in Rule 16a-1(f) under the Exchange Act, adopted or terminated a Rule 10b5-1 trading plan or arrangement or a non-Rule 10b5-1 trading plan or arrangement, as defined in Item 408(c) of Regulation S-K, during the fiscal quarter ended June 30, 2026.

Item 6. EXHIBITS

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Firefly Neuroscience, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 12, 2024).
3.2	Certificate of Amendment No.1 of Amended and Restated Certificate of Incorporation of Firefly Neuroscience, Inc. (incorporated herein by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-3, filed with the SEC on December 3, 2025).
3.3	Amended and Restated Bylaws of Firefly Neuroscience, Inc. (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on August 12, 2024).
4.1	Form of Pre-Funded Common Stock Purchase Warrant (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 12, 2026).
4.2	Form of 150% Common Stock Purchase Warrant (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on March 12, 2026).
4.3	Form of 200% Common Stock Purchase Warrant (incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed with the SEC on March 12, 2026).
4.4	Form of 150% Common Stock Purchase Warrant (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 12, 2026).
4.5	Form of 200% Common Stock Purchase Warrant (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on May 12, 2026).
10.1	ATM Agreement by and between Konik Capital Partners, LLC, a division of T.R. Winston and Company, LLC, dated February 3, 2026 (incorporated herein by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 4, 2026).
10.2	Addendum to Personal Employment, dated February 4, 2026, by and between Firefly Neuroscience Ltd. and Gil Issachar (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 4, 2026).
10.3	Form of Securities Purchase Agreement between Firefly Neuroscience, Inc. and the Investors, dated March 8, 2026 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 12, 2026).
10.4	Form of Lock-Up Agreement between Firefly Neuroscience, Inc. and the Investors, dated March 12, 2026 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 12, 2026).
10.5	Form of Amended and Restricted Lock-Up Agreement between Firefly Neuroscience, Inc. and the Investors, dated April 16, 2026 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 22, 2026).
10.6	Securities Purchase Agreement between Firefly Neuroscience, Inc. and the Investor, dated May 6, 2026 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 12, 2026).
31.1*	Certifications of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certifications of Principal Financial and Accounting Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certifications of Principal Financial and Accounting Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 11, 2026

FIREFLY NEUROSCIENCE, INC.

By: /s/ Greg Lipschitz
Greg Lipschitz
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Paul Krzywicki
Paul Krzywicki
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Greg Lipschitz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Firefly Neuroscience, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2026

/s/ Greg Lipschitz

Greg Lipschitz
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION
OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Paul Krzywicki, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Firefly Neuroscience, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2026

/s/ Paul Krzywicki
 Paul Krzywicki
 Chief Financial Officer
 (Principal Financial and Accounting Officer)

**CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Firefly Neuroscience, Inc. ("Company") for the period ended June 30, 2026 (the "Report"), I, Greg Lipschitz, Chief Executive Officer (Principal Executive Officer) of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

IN WITNESS WHEREOF, the undersigned has executed this statement on August 11, 2026.

Date: August 11, 2026

/s/ Greg Lipschitz

Greg Lipschitz
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION
PURSUANT TO 18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Firefly Neuroscience, Inc. ("Company") for the period ended June 30, 2026 (the "Report"), I, Paul Krzywicki, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

IN WITNESS WHEREOF, the undersigned has executed this statement on August 11, 2026.

Date: August 11, 2026

/s/ Paul Krzywicki

Paul Krzywicki

Chief Financial Officer

(Principal Financial and Accounting Officer)