

Conavi Medical Corp.

Interim condensed consolidated financial statements (unaudited)

As at and for the 3 month period ended December 31, 2024

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of financial position

As at December 31, 2024 and September 30, 2024

(unaudited - Expressed in thousands of Canadian dollars)

	December 31, 2024	September 30, 2024
Assets		
Current Assets		
Cash and cash equivalents	5,090	436
Accounts receivable and other receivables	549	670
Inventory (Note 5)	103	1,610
Prepaid expenses and supplier deposits	806	545
Investment tax credits recoverable	332	268
Total Current Assets	6,880	3,529
Property and equipment (Note 6)	1,402	1,687
Intangible assets (Note 7)	2,248	2,296
Right-of-use assets (Note 8)	985	1,049
Other non-current assets	52	—
Total Assets	11,567	8,561
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	4,998	5,998
18% secured convertible notes (Note 12)	—	19,082
10% secured convertible notes (Note 12)	—	2,205
Current portion of deferred revenue (Note 9)	135	135
Current portion of loans payable (Note 10)	482	513
Lease liabilities (Note 8)	852	261
Warrant liability (Note 13)	5,163	—
Total Current Liabilities	11,630	28,194
Deferred revenue (Note 9)	5,051	5,085
Loans payable (Note 10)	16,966	24,564
Preferred shares liability (Note 11)	—	35,549
Lease liabilities (Note 8)	1,367	1,002
Total Liabilities	35,014	94,394
Shareholders' Deficiency		
Common shares (Note 12)	114,740	17,552
Preferred shares (Note 11)	—	18,408
Warrant reserve (Note 13)	—	4,173
Contributed surplus (Notes 11 & 14)	16,059	20,691
Cumulative translation adjustment	(726)	(172)
Deficit	(153,520)	(146,485)
Total Shareholders' Deficiency	(23,447)	(85,833)
Total Liabilities and Shareholders' Deficiency	11,567	8,561
Going concern (Note 2)		

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

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of loss and comprehensive loss

For three months ended December 31, 2024 and 2023

(unaudited - Expressed in thousands of Canadian dollars)

	December 31, 2024	December 31, 2023
Licensing and R&D services revenue (Notes 9 and 10)	8,392	34
Product revenues	242	657
	<u>8,634</u>	<u>691</u>
Cost of sales (Note 5)	1,548	591
Gross profit	7,086	100
Operating expenses (Note 17)		
Research and development	4,654	3,267
General and administrative	1,722	1,469
Depreciation and amortization (Notes 6, 7 and 8)	209	275
Other expenses	232	190
Total operating expenses	6,817	5,201
Operating (income) loss	(269)	5,101
Net finance costs (Note 18)	10,785	2,288
Change in fair value of warrant liability (Note 13)	(8,468)	—
Listing expense (Note 3)	4,987	—
Net loss	7,035	7,389
Other comprehensive (income) loss		
Foreign currency translation adjustment - net of tax	554	1
Net loss and comprehensive loss for the period	7,589	7,390
Loss per share common (Note 19)		
Basic and diluted loss per common share	0.18	1.75

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

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of changes in equity

For three months ended December 31, 2024 and 2023

(unaudited - Expressed in thousands of Canadian dollars)

	Common Shares		Common A		Preferred Shares		Warrant Reserve	Contributed Surplus	Cumulative Translation Adjustment	Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					
Balance at October 1, 2024	—	—	6,162,073	17,552	4,439,221	18,408	4,173	20,691	(172)	(146,485)	(85,833)
Conversion of Class A common shares of CMI into common shares of the Company (Note 12)	4,226,368	17,552	(6,162,073)	(17,552)	—	—	—	—	—	—	—
Issuance of common shares to Titan shareholders (Note 3)	4,707,587	6,150	—	—	—	—	—	—	—	—	6,150
Conversion of CMI preferred shares liability warrants to common shares on close of the Transaction (Note 11)	1,546,359	—	—	—	—	—	—	—	—	—	—
Conversion of CMI preferred shares warrants to common shares on close of the Transaction (Note 12)	1,012,339	4,173	—	—	—	—	(4,173)	—	—	—	—
Issuance of common shares on conversion of preferred share liability (Note 11)	10,961,118	45,641	—	—	—	—	—	—	—	—	45,641
Issuance of common shares on conversion of preferred shares (Note 12)	5,569,602	18,408	—	—	(4,439,221)	(18,408)	—	—	—	—	—

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of changes in equity

For three months ended December 31, 2024 and 2023

(unaudited - Expressed in thousands of Canadian dollars)

	Common Shares		Common A		Preferred Shares		Warrant Reserve	Contributed Surplus	Cumulative Translation Adjustment	Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					
Issuance of common shares in connection with private placement net of transaction cost (Note 12)	7,152,841	9,172	—	—	—	—	—	(4,697)	—	—	4,475
Issuance of common shares upon conversion of 18% secured convertible notes (Note 12)	8,140,592	12,225	—	—	—	—	—	—	—	—	12,225
Issuance of common shares upon conversion of 10% secured convertible notes (Note 12)	933,280	1,419	—	—	—	—	—	—	—	—	1,419
Stock-based compensation (Note 14)	—	—	—	—	—	—	—	65	—	—	65
Cumulative translation adjustment	—	—	—	—	—	—	—	—	(554)	—	(554)
Net loss for the period	—	—	—	—	—	—	—	—	—	(7,035)	(7,035)
Balance at December 31, 2024	44,250,086	114,740	—	—	—	—	—	16,059	(726)	(153,520)	(23,447)

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

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of changes in equity

For three months ended December 31, 2024 and 2023

(unaudited - Expressed in thousands of Canadian dollars)

	Common A		Preferred Shares		Warrant Reserve	Contributed Surplus	Cumulative Translation Adjustment	Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount					
Balance at October 1, 2023	6,156,118	17,543	4,439,221	18,408	4,173	24,228	(193)	(102,870)	(38,711)
Stock-based compensation (Note 14)	—	—	—	—	—	60	—	—	60
Cumulative translation adjustment	—	—	—	—	—	—	(1)	—	(1)
Net loss for the year	—	—	—	—	—	—	—	(7,389)	(7,389)
Balance at December 31, 2023	6,156,118	17,543	4,439,221	18,408	4,173	24,288	(194)	(110,259)	(46,041)

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

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of cash flows
For the three months ended December 31, 2024 and 2023
(unaudited - Expressed in thousands of Canadian dollars)

	December 31, 2024	December 31, 2023
Cash flows from (used in) operating activities:		
Loss for the period	(7,035)	(7,389)
Items not affecting cash:		
Depreciation of property and equipment (Note 6)	82	145
Amortization of intangible assets (Note 7)	62	66
Depreciation of right-of-use assets (Note 8)	64	64
Interest accrued and accretion expense (Note 18)	11,072	2,057
Stock-based compensation (Note 14)	65	60
Impairment of property and equipment (Note 6)	137	—
Net loss on disposal of property and equipment (Note 6)	95	190
Unrealized foreign exchange gain	(201)	275
Change in fair value of warrant liability (Note 13)	(8,468)	—
Listing expense	4,987	—
Non-cash licensing and R&D services revenue (Note 10)	(8,392)	(34)
	<u>(7,532)</u>	<u>(4,566)</u>
Changes in working capital accounts:		
Inventories (Note 5)	1,506	140
Accounts receivable and other receivables	329	(45)
Investment tax credits recoverable	(64)	(62)
Accounts payable and accrued liabilities	(2,780)	(1,036)
Current portion of deferred revenue related to customers' deposits	—	(75)
Prepaid expenses and supplier deposits	(177)	106
Net cash used in operating activities	<u>(8,718)</u>	<u>(5,538)</u>
Cash flows from (used in) investing activities:		
Purchase of property and equipment (Note 6)	(29)	(209)
Purchase of intangible assets (Note 7)	(14)	(162)
Proceeds from the transaction	3,753	—
Total cash used in investing activities	<u>3,710</u>	<u>(371)</u>

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Interim condensed consolidated statements of cash flows (continued)

For the three months ended December 31, 2024 and 2023

(unaudited - Expressed in thousands of Canadian dollars)

	December 31, 2024	December 31, 2023
Cash flows from (used in) financing activities:		
Payment of lease liabilities (Note 8)	(255)	(74)
Payment of loans payable (Note 10)	(175)	(301)
Net proceeds from private placement	10,092	—
Total cash from (used in) financing activities	<u>9,662</u>	<u>(375)</u>
(Decrease) increase in cash and cash equivalents	4,654	(6,284)
Cash at beginning of the period	436	14,169
Cash and cash equivalents as at end of period	<u><u>5,090</u></u>	<u><u>7,885</u></u>

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

CONAVI MEDICAL CORP.

Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

1 Nature of operations

Conavi Medical Corp. and its subsidiaries (the Company) was formed by amalgamation under the Business Corporations Act (Ontario) on July 28, 2008 as Titan Medical Inc.

On October 11, 2024, the Company closed its reverse take-over transaction (the “Transaction”) with Conavi Medical Inc. (“CMI”). CMI develops image guidance technologies for use in minimally invasive medical procedures with an initial focus in cardiology. The head office of the CMI is located at 293 Lesmill Rd, North York, ON M3B 2V1, Canada.

Prior to the completion of the Transaction, on October 8, 2024, CMI completed a brokered private placement of subscription receipts for gross proceeds of \$10,636, representing 7,729,300 subscription receipts at a price of US\$1.00 per subscription receipt. Each subscription receipt (the “Subscription Receipt”) issued in the private placement was exchangeable for one common share and 1 warrant of CMI upon the satisfaction of certain conditions related to the Transaction, inclusive of an aggregate of 229,300 Subscription Receipts that were issued to the agents. As additional compensation, the agents were also issued 35,329 broker warrants of CMI (the “Broker Warrants”).

In connection with the Transaction, Titan Medical Inc. changed its name to Conavi Medical Corp., and completed a share consolidation on the basis of 1 post-consolidation common share of Titan Medical Inc. for each 25 pre-consolidation common shares. In addition, CMI completed a share consolidation on the basis of 1 post-consolidation Class A common share of CMI for each 1.35 pre-consolidation Class A common shares. Further, immediately prior to the closing of the Transaction, all outstanding preferred share warrants of Conavi, were exercised for nominal consideration, and all of CMI's preferred shares were converted to CMI common shares. Each Class A-2 Preferred Share converted into one CMI common share, and taking into account anti-dilution adjustments to the conversion terms of CMI's preferred shares, each Class B-1 Preferred Share and Class B-3 Preferred Share of CMI converted into approximately 1.840 CMI common shares (based on a consolidation conversion price of approximately US\$2.99 per share), each Class B-2 Preferred Share of CMI converted into approximately 1.66 CMI common shares (based on a consolidation conversion price of approximately US\$2.32 per share), and the total amount invested in the Class F-1 Preferred Shares and Class F-2 Preferred Shares plus accrued dividends up to September 30, 2024 was converted into CMI common shares at a price per share of approximately US\$2.08.

Following these changes, CMI amalgamated with 1000824255 Ontario Inc. a wholly owned subsidiary of Titan Medical Inc. formed solely for the purposes of facilitating the Transaction. Pursuant to the amalgamation, the shareholders of CMI received one common share of Conavi Medical Corp. for each common share of CMI. As a result of the Transaction, CMI is now a wholly owned subsidiary of Conavi Medical Corp.

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

1 Nature of operations (Continued)

On October 16, 2024, the shares of Conavi Medical Corp. commenced trading on the TSX Venture Exchange under the ticker symbol CNVI.

2 Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities as they come due and in the normal course of business for the foreseeable future.

The Company incurred a net loss of \$7,035 for the three months ended December 31, 2024 (December 31, 2023 - \$7,389) and reported a deficit of \$153,520 (September 30, 2024 - \$146,485) as at that date. In addition, cash used in operating activities was \$8,718 for the period ended December 31, 2024 (December 31, 2023 - \$5,538). The Company had \$5,090 in cash and cash equivalents as at December 31, 2024 (September 30, 2024 - \$436).

The Company will need to secure additional financing in order to meet its requirements for funding its planned research, development and operating activities. These circumstances lead to significant doubt about the ability of the Company to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company is developing a next-generation version of its Novasight Hybrid System, which it anticipates commercially launching in the United States the first half of fiscal year 2026 subject to regulatory approval. This system is anticipated to have a much lower cost of goods sold than the first generation system, which, if achieved, would contribute to operating cash flow. In addition, management is working towards obtaining additional financing from new and existing strategic partners and shareholders in order to continue to develop and bring the Company's products to market, so as to generate revenue and achieve positive cash flows from operations. However, there is no assurance these initiatives will be successful or sufficient.

The success of the Company is dependent on developing and bringing its products to market and obtaining adequate funding through a combination of financing activities and profitable commercial operations. These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities to their recoverable amounts or the reported expenses and interim condensed consolidated balance sheet classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

3 Qualifying Transaction

The Transaction constitutes a reverse acquisition by CMI of the Company, a non-operating public enterprise. The Company, the accounting acquiree, did not meet the definition of a business under IFRS 3 - Business Combinations and therefore the Transaction did not qualify as a business combination. CMI is deemed to have issued equity to the holders of the equity interests of the Company. Consequently, the Transaction is

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

3 Qualifying Transaction (continued)

accounted for as a continuation of the consolidated financial statements of CMI, together with a deemed issuance on October 11, 2024 of common shares, restricted share units, share options and warrants by the resulting company for the net assets and the listing status of the Company, accounted for in accordance with IFRS 2, Share Based Payments. The identifiable assets and liabilities of the Company were recognized at fair value as at October 11, 2024, with the excess of the fair value of net assets over the fair value of equity interest issued charged to the interim condensed consolidated statements of loss and comprehensive loss as a listing expense.

The comparative figures that are presented in the interim condensed consolidated financial statements are those of CMI. The interim condensed consolidated statements of loss and comprehensive loss include the full results of CMI and its subsidiary for the period from October 1, 2024 to December 31, 2024 and for the period from October 1, 2023 to December 31, 2023.

	October 11 2024
Cash and cash equivalents	3,753
Prepaid expenses and supplier deposits	244
Income taxes receivable	100
Accounts payable and accrued liabilities	(1,811)
Lease liabilities	(1,123)
	<hr/> 1,163
Less: Total share consideration	6,150
Listing expense	<hr/> <hr/> (4,987)
Shares received:	\$
Fair value of 4,707,587 Titan Medical Inc. common shares	6,150
Fair value of 83,801 Titan Medical Inc. stock options	—
Fair value of 131,593 Titan Medical Inc. warrants	—
Total consideration	<hr/> <hr/> 6,150

The fair value of the Titan Medical Inc. stock options and warrants was inconsequential.

4 Material accounting policies

Basis of preparation

The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

4 Material accounting policies (continued)

Basis of preparation (Continued)

Standards") applicable to preparation of interim financial statements under IAS 34 Interim Financial Reporting. These interim condensed consolidated financial statements are presented in thousands of Canadian dollars and should be read in conjunction with the CMI's annual consolidated financial statements for the year ended September 30, 2024, which were prepared in accordance with IFRS Accounting Standards.

These accounting policies and methods of application in the interim condensed consolidated financial statements are consistent with the policies and methods set out in the CMI's annual consolidated financial statements for the year ended September 30, 2024 except as noted below in respect of new accounting pronouncements adopted during the period. The presentation of these interim condensed consolidated financial statements is consistent with the presentation of the annual consolidated financial statements of CMI. The Board of Directors approved these interim condensed consolidated financial statements on February 28, 2025.

Accounting pronouncements adopted during the period

Beginning on October 1, 2024, the Company adopted the following:

- Amendments to International Accounting Standard (IAS) 1, Presentation of Financial Statements (IAS 1)

The amendments affect only the presentation of liabilities in the interim condensed consolidated statements of financial position, not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least 12 months and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The adoption of these amendments did not have a material impact on the interim condensed consolidated financial statements

Future accounting pronouncements

At the date of authorization of these interim condensed consolidated financial statements, the Company had not applied the following new and revised IFRS Accounting Standards that are not yet effective.

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

4 Material accounting policies (continued)

Future accounting pronouncements (continued)

- Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: Disclosures

The IASB has issued classification and measurement and disclosure amendments to IFRS 9 and IFRS 7 with an effective date for years beginning on or after January 1, 2026 with earlier application permitted. The amendments clarify the date of recognition and derecognition of some financial assets and liabilities and introduce a new exception for some financial liabilities settled through an electronic payment system. Other changes include a clarification of the requirements when assessing whether a financial asset meets the solely payments of principal and interest criteria and new disclosures for certain instruments with contractual terms that can change cash flows (including instruments where cash flows changes are linked to environment, social or governance (ESG) targets).

The Company has not yet commenced the evaluation of the impact of these amendments.

- New accounting standard IFRS 18, Presentation and disclosure in financial statements

IFRS 18, Presentation and Disclosure in Financial Statements (IFRS 18) will provide new presentation and disclosure requirements and replace IAS 1, Presentation of Financial Statements. IFRS 18 introduces changes to the structure of the income statement; provides required disclosures in financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and provides enhanced principles on aggregation and disaggregation in financial statements. Many other existing principles in IAS 1 have been maintained. IFRS 18 is effective for years beginning on or after January 1, 2027, with earlier application permitted.

The Company has not yet commenced the evaluation of the impact of the new standard.

Use of estimates and judgements

The preparation of the interim condensed consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following areas require estimates or judgement by management:

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

4 Material accounting policies (continued)

Use of estimates and judgements (continued)

Warrant liability measured at fair value

Under IFRS Accounting Standards, the Company's warrants have been classified as a financial liability measured at fair value through profit or loss. Management has determined the fair value at the initial recognition date and at December 31, 2024 using a valuation model with significant unobservable inputs classified as level 3 within the fair value hierarchy as disclosed in Note 13.

Deferred revenue

The Company has deferred revenue related to the distribution agreement and technology transfer and licensing agreement with East Ocean Medical (Hong Kong) Company Limited ("EOM"). Management has determined that a 20 year amortization period is appropriate for these agreements.

5 Inventory

	December 31, 2024	September 30, 2024
Components and parts	46	1,254
Work-in-progress	29	203
Finished goods	28	153
	<u>103</u>	<u>1,610</u>

Included in inventory is an inventory provision due to estimated net realizable value below cost in the amount of \$1,495 for the three months ended December 31, 2024 (September 30, 2024 - \$263). During the three months ended December 31, 2024, \$266 (three months ended December 31, 2023, \$554) of inventory was recognized in cost of sales.

Inventories consumed in research and development during the three months ended December 31, 2024, amounted to \$151 (three months ended December 31, 2023, amounted to \$88).

The Company increased its inventory provision by \$1,232 during the three months ended December 31, 2024 (decreased its inventory provision by \$145 the three months ended December 31, 2023).

There were no other inventory write downs charged to cost of sales during the periods ended December 31, 2024 and December 31, 2023.

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

6 Property and equipment

	Leasehold Improvements	Lab Equipment	Computers	Furniture & Fixtures	Sales & Marketing Equipment	Demonstration Equipment	Total
Cost							
Balance as at September 30, 2024	1,152	2,404	588	322	39	894	5,399
Additions	—	8	5	—	—	16	29
Disposals	—	—	—	—	—	(95)	(95)
Impairment	—	—	—	—	—	(137)	(137)
Balance as at December 31, 2024	<u>1,152</u>	<u>2,412</u>	<u>593</u>	<u>322</u>	<u>39</u>	<u>678</u>	<u>5,196</u>
Accumulated depreciation							
Balance as at September 30, 2024	733	1,493	535	239	39	673	3,712
Depreciation	19	41	10	3	—	9	82
Unit transfer	—	18	—	—	—	(18)	—
Balance as at December 31, 2024	<u>752</u>	<u>1,552</u>	<u>545</u>	<u>242</u>	<u>39</u>	<u>664</u>	<u>3,794</u>
Net book value as at December 31, 2024	<u>400</u>	<u>860</u>	<u>48</u>	<u>80</u>	<u>—</u>	<u>14</u>	<u>1,402</u>

Included in demonstration units is \$125 (September 30, 2024 – \$204) of property and equipment not in use and no depreciation has been recorded on these assets. The Company expects these assets to be placed in use in the next fiscal year. During the period ended December 31, 2024, the Company recognized an impairment related to its demonstration units in the amount of \$137 (December 31, 2023 – \$Nil).

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Notes to the Consolidated Financial Statements

For the three months ended December 31, 2024 and 2023

(Expressed in thousands of Canadian dollars)

7 Intangible assets

	Patents	Software	Total
Cost			
Balance as at September 30, 2024	3,372	2,175	5,547
Additions	14	—	14
Balance as at December 31, 2024	3,386	2,175	5,561
Accumulated amortization			
Balance as at September 30, 2024	1,323	1,928	3,251
Amortization	44	18	62
Balance as at December 31, 2024	1,367	1,946	3,313
Net book value			
December 31, 2024	2,019	229	2,248

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

8 Leases

All the leases of the Company relate to building leases.

Effective May 2017, the Company entered into a lease agreement for units 293, 303, 305, 309 and 311 Lesmill Road, Toronto. The agreement has been extended through January 2029 and the Company has an option to extend for an additional 5-year period. This extension option for the period after 2029 is not considered reasonably certain and has therefore not been included in the lease liability and right-of-use asset amounts.

Effective August 2021, the Company entered into a lease agreement at unit 523, 161 Roehampton Avenue, Toronto. The agreement has been extended through July 2025. This lease agreement does not have any extension options.

Following the close of the Transaction, the Company also leases a facility in Chapel Hill, North Carolina with a remaining lease term of 1.50 years of which five units are vacant and one unit is subleased. The right-of-use asset related to these lease agreements had a fair value of \$nil upon close of the Transaction.

Right-of-use assets

The following tables present changes in right-of-use assets for the Company for the period and year ended December 31, 2024 and September 30, 2024:

	Buildings
For the Three Months Ended December 31, 2024	
Opening book value	1,049
Depreciation	(64)
Closing net book value	<u>985</u>
Balance, December 31, 2024	
Cost	1,565
Accumulated depreciation	(580)
Closing net book value	<u>985</u>

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

8 Leases (continued)**Lease liabilities**

The following table present changes in lease liabilities for the Company for the period and year ended December 31, 2024

	Buildings	Current	Long-term
Balance, September 30, 2024	1,263	261	1,002
Additions	1,123		
Accretion of interest	47		
Lease payments	(255)		
FX translation adjustment	41		
	<hr/>	<hr/>	<hr/>
Balance, December 31, 2024	<u>2,219</u>	<u>852</u>	<u>1,367</u>

Sub-lease

In 2023, Titan entered into a sub-lease agreement to sublease one of its six suites at the Chapel Hill facility. The Company recognized interest income on finance lease receivables of \$4 for the three months ended December 31, 2024.

The following table sets out a maturity analysis of lease receivables recorded as accounts receivable and other receivables and other non-current assets, showing the undiscounted lease payments to be received:

	December 31, 2024
Within 1 year	104
1 to 2 years	54
Total undiscounted lease receivable	<hr/> 158
Unearned interest income	<hr/> (12)
Lease receivable discounted	146
Current	94
Non-current	52
Balance, December 31, 2024	<u>146</u>

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

9 Deferred revenue

	December 31, 2024	September 30, 2024
Distribution agreement	2,508	2,542
Technology transfer and licensing agreement	2,678	2,678
	<u>5,186</u>	<u>5,220</u>
Less: current portion	135	135
Non-current portion	<u>5,051</u>	<u>5,085</u>

During the three months ended December 31, 2024 the Company recognized \$34 (three months ended December 31, 2023 - \$34) in licensing and R&D services revenue attributable to the distribution agreement. On December 6, 2024, the China National Medical Products Administration approved EOM's coronary imaging system which triggered a fourth and final milestone by EOM to Conavi.

CONAVI MEDICAL CORP.

Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

10 Loans payable

	December 31, 2024	September 30, 2024
MaRS Investment Accelerator Fund Inc. (IAF) performance-based loan payable of \$250 bearing interest at 3.8%, repayable as described below in (i); included in this balance is \$19 (September 30, 2024 – \$16) of accrued interest.	269	266
Japan Lifeline Co. revolving line of credit of \$7,678 (¥837,300,000) (September 30, 2024 – \$7,929 (¥837,300,000)), bearing interest at 6.5% ; accrued interest is compounded annually on June 30 of each year; the loan is secured by a general security agreement; included in this balance is \$3,073 (September 30, 2024 – \$2,998) of accrued interest.	10,751	10,927
Japan Lifeline Co. term loan of \$2,764 (¥301,428,000) (September 30, 2024 – \$2,855 (¥301,428,000)), bearing interest at 6.5%; accrued interest is compounded annually on November 30 of each year, and maturing on April 30, 2027; the loan is secured by a general security agreement; included in this balance is \$996 (September 30, 2024 – \$967) of accrued interest.	3,760	3,822
Federal Economic Development Agency (FedDev) repayable loan of \$2,282 (September 30, 2024 – \$2,362) with a stated interest of nil%, maturing on March 1, 2029, net of unamortized fair value discount of \$577 (September 30, 2024 – \$637) calculated using an effective interest rate of 25%.	1,705	1,725
Southern Ontario Fund for Investment in Innovation (SOFII) repayable loan of \$540 (September 30, 2024 – \$576) bearing interest at 10% per annum, maturing on March 30, 2028; the loan is secured by a general security agreement. Included in this balance is \$nil (September 30, 2024 – \$5) of accrued interest.	540	581
Regional Relief and Recovery Fund (RRRF) repayable contribution of \$589 (September 30, 2024 – \$628) with a stated interest rate of nil%, maturing on December 15, 2029, net of unamortized fair value discount of \$166 (September 30, 2024 – \$182) calculated using an effective interest rate of 25%.	423	446
East Ocean Medical (Hong Kong) Company Ltd. (EOM) note payable of \$nil (US\$5,000,000) (September 30, 2024 – \$6,749 (US\$5,000,000)) bearing interest at 5% per annum, including accrued interest of \$nil (September 30, 2024 – \$1,160) and net of unamortized fair value discount of \$nil (September 30, 2024 – \$600) calculated using an effective interest rate of 13%.	—	7,310
	<hr/>	<hr/>
	17,448	25,077
Less: Current portion of loans payable	482	513
	<hr/>	<hr/>
	16,966	24,564
	<hr/>	<hr/>

CONAVI MEDICAL CORP.

Notes to the interim condensed consolidated financial statements

December 31, 2024

(unaudited - Expressed in thousands of Canadian dollars)

10 Loans payable (continued)

EOM loan

On December 6, 2024, the China National Medical Products Administration approved EOM's coronary imaging system which triggered a fourth and final milestone by EOM to Conavi.

The achievement of the milestone resulted in the repurchase of the outstanding principal plus accrued interest in respect of the promissory note owing to EOM. The value of the EOM loan was \$8,358 along with a corresponding amount recognized as licensing and R&D services revenue.

11 Preferred shares liability

The Class A-2 non-voting preferred shares, the Class B-3 non-voting preferred shares and the Class F-2 non-voting preferred shares were classified as financial liabilities as there were multiple holder conversion options which may result in the Company having to deliver a variable number of shares. On initial recognition as financial liabilities the preferred shares were recognized at fair value using an effective interest rate of 18%. At issuance the conversion options were determined not to have significant economic value. The difference between the cash proceeds received and the initial fair value of the preferred share liability was recognized in contributed surplus as a contribution from shareholders. Subsequent to initial recognition, the initial fair value of the preferred share liability was accreted to its face value plus accrued dividends using an estimated term which involves judgements about the timing and likelihood of conversion into other classes of shares.

In connection with the closing of the Transaction, these preferred shares liabilities were converted into 10,961,118 common shares of the Company.

CONAVI MEDICAL CORP.

Notes to the interim condensed consolidated financial statements

December 31, 2024

(Unaudited - Expressed in thousands of Canadian dollars)

11 Preferred shares liability (continued)

The following tables present changes in preferred shares liability for the Company for the three months ended December 31, 2024:

	Preferred shares			Total
	Class A-2	Class B-3	Class F-2	
Balance, September 30, 2024	10,496	9,763	15,290	35,549
Accretion of interest	3,294	3,607	3,191	10,092
Conversion to common shares	(13,790)	(13,370)	(18,481)	(45,641)
Balance, December 31, 2024	—	—	—	—

In conjunction with the issuance of the Class B-3 non-voting preferred shares, 1,225,490 warrants were issued. These warrants were converted into an aggregate of 1,546,359 CMI common shares of the Company on closing of the Transaction.

12 Share capital

The Company is authorized to issue an unlimited number of common shares and preferred shares.

	December 31, 2024	September 30, 2024
Common shares		
44,250,086 (September 30, 2024 - nil) Common shares	114,740	—
nil (September 30, 2024 - 6,162,073) Class A voting common shares.	—	17,552
	<u>114,740</u>	<u>17,552</u>
Preferred shares classified as equity		
nil (September 30, 2024 – 4,181,894) Class B-1 shares, voting, non-redeemable, non-retractable, convertible at the option of the holder into Class A voting common shares.	—	17,480
nil (September 30, 2024 – 247,327) Class B-2 shares, voting, non-redeemable, non-retractable, convertible at the option of the holder into Class A voting common shares.	—	896
nil (September 30, 2024 – 10,000) Class F-1 shares, dividends 8% per annum, voting, non-redeemable, non-retractable, convertible at the option of the holder into Class A voting common shares.	—	32
	<u>—</u>	<u>18,408</u>

In conjunction with the Closing of the Transaction, all preferred shares were converted into 5,569,602 common shares of CMI.

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(Unaudited - Expressed in thousands of Canadian dollars)

12 Share capital (continued)

In relation to the issuance of Class B-1 preferred shares a total of 802,279 warrants were issued. These warrants were converted into 1,012,339 common shares of the Company on closing of the Transaction.

On October 8, 2024, CMI closed a private placement of subscription receipts for net proceeds of \$10,092 ("Private Placement"). Pursuant to the Private Placement, CMI issued 7,729,300 Subscription Receipts at a price of US\$1.00 per Subscription Receipt to certain institutional and accredited investors. Upon closing of the Transaction, each Subscription Receipt was automatically exchanged for one common share and one common share purchase warrant of CMI, which common shares and common share purchase warrants were immediately exchanged for common shares and common share purchase warrants of the Company based on an exchange ratio of 0.92542. An aggregate of 7,152,841 Company common shares and 7,152,841 Company common share warrants were issued upon conversion of the Subscription Receipts on the closing of the Transaction. The fair value movement relating to the Subscription Receipts liability prior to the conversion of the Subscription Receipts were deemed immaterial as the issuance closed on October 8, 2024 and the conversion occurring on October 10, 2024.

On closing of the Transaction, the 10% secured convertible notes were converted into 933,280 common shares of the Company and the 18% secured convertible note were converted into 8,140,592 common shares of the

Company. The holders of both the 10% secured convertible notes and the 18% secured convertible notes also received warrants on conversion (Note13).

13 Warrant liability

Issued as part of the Private Placement

In connection with the Private Placement, CMI issued 7,729,300 common share warrants and subsequently converted into 7,152,841 common share warrants of the Company with an exercise price of US\$1.35 and an expiry date five years after the closing of the Transaction.

The agent was also issued 35,329 CMI common share broker warrants and subsequently converted into 32,693 common share broker warrants of the Company with an exercise price of US\$1.08 and an expiry date two years after the closing of the Transaction.

Issued as part of conversion of 10% and 18% secured convertible notes

Immediately prior to the closing of the Transaction, the conversion of the 10% and 18% secured convertible notes resulted in the issuance by CMI of 9,805,141 common share warrants and subsequently converted into 9,073,872 common share warrants of the Company with an exercise price of US\$1.35 and an expiry date five years after the closing of the Transaction.

CONAVI MEDICAL CORP.

Notes to the Consolidated Financial Statements

For the three months ended December 31, 2024 and 2023

(Expressed in thousands of Canadian dollars)

13 Warrant liability (Continued)

As these warrants have an exercise price in a different currency to the functional currency, they are classified as liabilities. The following table presents the changes in fair value of the common share warrants and common share broker warrants for the period ended December 31, 2024:

	CAD
Fair value upon close of the Transaction	13,631
Change in fair value of warrant liability	(8,468)
As at December 31, 2024	<u><u>5,163</u></u>

The following table summarize the warrants outstanding as at December 31, 2024:

Issuance related	Number of warrants outstanding	Exercise price US \$	Term remaining	Expiry date
Issued upon close of Private Placement	7,152,841	1.35	4.78	October 11, 2029
Issued upon conversion of 10% secured convertible notes	933,280	1.35	4.78	October 11, 2029
Issued upon conversion of 18% secured convertible notes	8,140,592	1.35	4.78	October 11, 2029
Broker warrants issued on close of the Private Placement	35,329	1.08	1.78	October 11, 2026

The estimated fair value of the warrants is determined using a Black-Scholes option pricing model and Level 3 inputs including stock price, volatility, expected life and risk-free interest rate. Due to the absence of Company-specific volatility rates, the Company chose comparable companies in a similar industry.

The following table provides the inputs to the Black-Scholes option pricing model for the common share warrants:

	December 31, 2024	October 11, 2024
Exercise price	US\$1.35	US\$1.35
Stock price	US\$0.45	US\$0.95
Volatility	87.76%	87.76%
Term (in years)	4.78	5.00
Risk-free rate	3.58%	3.58%

CONAVI MEDICAL CORP.

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For the three months ended December 31, 2024 and 2023

(Expressed in thousands of Canadian dollars)

13 Warrant liability (Continued)

In relation to the issuance of Class B-1 preferred shares a total of 802,279 warrants were issued. These warrants were converted into 1,012,339 common shares of the Company on closing of the Transaction.

The following table provides the inputs to the Black-Scholes option pricing model for the common share broker warrants:

	December 31, 2024	October 11, 2024
Exercise price	US\$1.08	US\$1.08
Stock price	US\$0.45	US\$0.95
Volatility	87.76%	87.76%
Term (in years)	1.78	2.00
Risk-free rate	3.25%	3.25%

14 Stock-based compensation

The Company grants stock options to key employees, directors and consultants determined on an individual basis. A stock option's term may not exceed ten years and can only be settled with the Company's equity. The stock options typically vest in stages, beginning on the sixth month from the date the stock options are granted, provided that the stock option holder is still with the Company. If a stock option holder leaves the Company, the holder has thirty days to elect whether or not to exercise their vested stock options, after which time the stock options expire.

As a result of the Transaction (note 3), each TitanMedical Inc. share option holder received one share option to purchase common shares of the Company for every 25 share options they exchanged in the Transaction. As a result, 83,801 share options were issued to former Titan Medical Inc. share option holder.

As a result of the Transaction (note 3), each CMI share option holder were subject to the effect of a consolidation ratio of 1.35 for 1, followed by the exchange ratio of 0.92542. As a result, 181,069 share options were issued to former CMI share option holders.

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Notes to the interim condensed consolidated financial statements

December 31, 2024

(Unaudited - Expressed in thousands of Canadian dollars)

14 Stock-based compensation (Continued)

The following summarizes information about stock options granted that were outstanding as at:

	December 31, 2024		December 31, 2023	
	Number of stock options outstanding	Weighted average exercise price	Number of stock options outstanding	Weighted average exercise price
Beginning of period	1,361,734	2.62	1,536,619	2.47
Granted	—	0	343	0.90
Exercised	—	0	(11)	2.51
Issued to Titan Medical Inc. stock option holders on close of Transaction	83,801	16.50	—	0
Expired/forfeited	(1,180,665)	3.10	(129,629)	0.91
End of period	<u>264,870</u>	<u>4.87</u>	<u>1,407,322</u>	<u>2.61</u>

Stock-based compensation expense for the three months ended December 31, 2024 was \$65 (three months ended December 31, 2023 – \$60).

The following table summarizes the options outstanding as at December 31, 2024:

Remaining contractual life (years)	Number of options outstanding	Number of options vested	Number of options unvested
3-4	6,620	6,620	—
4-5	77,181	77,181	—
8-9	179,011	98,794	80,217
9-10	2,058	621	1,437
<u>7.09</u>	<u>264,870</u>	<u>183,216</u>	<u>81,654</u>

15 Government assistance

On March 31, 2022, the Company entered into an agreement with the Province of Ontario for a grant of up to \$2,500 to support ongoing scale-up of manufacturing. Of this, \$190 was received during the three months ended December 31, 2023. An admin fee of \$1 was paid during the three months ended December 31, 2024, the project has been closed out and no additional funding is outstanding.

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Notes to the interim condensed consolidated financial statements

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16 Commitments and contingencies

License Agreement

The Company has entered into technology license agreement with Sunnybrook Health Sciences Centre ("Sunnybrook") under which it licenses certain intellectual property and has the right to develop and commercialize certain intellectual property. The agreement requires the Company to pay a minimum annual royalty of \$50, and a royalty of 1% on direct sales and 2% on sales through a third party distributors. In addition, in the event of a sub-licensing transaction, there are sub-licensing fees payable to Sunnybrook of 25% based on the consideration received as part of a sub-licensing transaction.

Claims and legal actions

In the normal course of operations, the Company may be subject to litigation. When appropriate, management will record a provision while it actively pursues its position. When it is the opinion of management that the likelihood and measurability of the potential liability are not determinable, no provision will be recorded. As at December 31, 2024, \$nil was recorded in relation to legal claims (September 30, 2024 - \$nil).

Indemnifications

All directors of the Company are indemnified by the Company for various items including, but not limited to, all costs to settle lawsuits or actions due to their association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future lawsuits or actions. The term of the indemnification is the maximum extent permitted by applicable law, but is limited to events for the period during which the indemnified party served as a director or officer of the Company. In the event of a claim, the maximum amount of any potential future payment cannot be reasonably estimated but could have a material adverse effect on the Company.

The Company has also indemnified certain third parties in relation to certain debt and equity offerings and their respective affiliates and directors, officers, employees, shareholders, partners, advisers and agents and each other person, if any, controlling any of the third parties or their affiliates against certain liabilities.

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Notes to the interim condensed consolidated financial statements

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17 Nature of expenses

	Three months ended	
	December 31, 2024	December 31, 2023
Research and development expenses	3,525	2,140
Salaries and benefits	1,672	2,050
Stock-based compensation expense	65	60
Business development, marketing, and directors' fees	247	201
Professional fees	437	86
Occupancy	106	112
Insurance	96	41
Computers and software	26	19
Amortization and depreciation	208	275
Other expenses	498	469
Government assistance, sponsorship, and grants	1	(190)
Investment tax credit recovery	(64)	(62)
	<u>6,817</u>	<u>5,201</u>

18 Net finance (income) costs

	Three months ended	
	December 31, 2024	December 31, 2023
Net foreign exchange loss (gain)	(246)	373
Interest income	(41)	(142)
Interest and accretion expense	11,072	2,057
	<u>10,785</u>	<u>2,288</u>

As a result of the Transaction, the accretion of the preferred share liability was accelerated and recognized within interest and accretion expense.

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Notes to the interim condensed consolidated financial statements

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19 Loss per common share

The following table shows the calculation of basic and diluted loss per common share:

	Three months ended	
	December 31, 2024	December 31, 2023
Net loss for the year	7,035	7,389
Weighted average number of common shares	40,109,921	4,221,961
Basic and diluted loss per common share	<u>0.18</u>	<u>1.75</u>

For the three months ended December 31, 2024, the computation of diluted loss per common share is equal to the basic loss per common share due to the anti-dilutive effect of the stock options.

For the three months ended December 31, 2023, the computation of diluted loss per common share is equal to the basic loss per common share due to the anti-dilutive effect of the preferred shares, stock options and warrants.

20 Financial instruments

At December 31, 2024, the Company's principal financial liabilities comprise accounts payable and accrued liabilities, loans payable, lease liabilities, and warranty liability. The main purpose of these financial liabilities is to finance the Company's operations. At December 31, 2024, the Company's principal financial assets include accounts receivable and other receivables, other non-current assets and cash and cash equivalents.

The Company is exposed to liquidity risk, interest rate risk, foreign currency risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions denominated in foreign currencies for which the outstanding balances are subject to exchange rate fluctuations. The Company does not use derivatives to reduce exposure to foreign currency risk. As at December 31, 2024, the following items were denominated in foreign currencies:

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December 31, 2024

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20 Financial instruments (continued)**Foreign currency risk (continued)**

	December 31, 2024	September 30, 2024
Cash and cash equivalents – USD	4,911	324
Accounts receivable and other receivables – USD	454	360
Accounts payable and accrued liabilities – USD	3,516	3,761
18% secured convertible notes - USD	—	19,082
10% secured convertible notes - USD	—	2,205
Loans payable – USD	—	7,310
Loans payable – JPY	14,511	14,749

Liquidity risk

Liquidity risk is the risk the Company may encounter difficulties in meeting its financial liability obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

As discussed in Note 2 the Company manages liquidity risk through management of working capital, cash flows and the availability and sourcing of financing. The Company's ability to accomplish all of its future strategic plans is dependent on obtaining additional financing or executing other strategic options; however, there is no assurance the Company will achieve these objectives.

As at December 31, 2024, the Company had a working capital deficiency of \$4,750 (September 30, 2024 – working capital deficiency of \$24,665). The Company has no significant source of operating cash flows at this time and has significant cash requirements in order to reach sustainable commercial production, continue research and development activities and pay for administrative overhead.

CONAVI MEDICAL CORP.

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20 Financial instruments (continued)

Liquidity risk (continued)

The following table summarizes the undiscounted contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2024:

	Carrying amount	Future cash flows	Less than 1 year	Years two and three	Years four and five	Thereafter
Accounts payable and accrued liabilities	4,998	4,998	4,998	—	—	—
Lease liabilities	2,219	2,472	1,062	1,036	374	—
Loans payable	17,448	21,122	539	19,179	1,088	316
	<u>24,665</u>	<u>28,592</u>	<u>6,599</u>	<u>20,215</u>	<u>1,462</u>	<u>316</u>

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is not exposed to interest rate cash flow risk because the terms within loans payable are not subject to variable interest rates.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from cash and cash equivalents, which are held with tier one financial institutions, and accounts receivable and other receivables. The Company's maximum exposure to credit risk from accounts receivable and other receivables is equal to the carrying value of the accounts receivable and other receivables balance.

The Company's accounts receivable and other receivables are not subject to a significant amount of credit risk. The Company routinely assesses the financial strength of its customers and, as a consequence, believes its accounts receivable and other receivables' credit risk exposure is limited. Accounts receivable and other receivables past due represent amounts not collected beyond the customer's contractual terms. The Company applies the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected credit losses for all accounts receivable and other receivables. As at December 31, 2024, there was \$8 in accounts receivable and other receivables that were past due (September 30, 2024 – \$131) but still considered collectible.

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20 Financial instruments (continued)**Fair value**

The following table provides a comparison of the carrying amount and fair value of the Company's financial assets and liabilities that are not carried at fair value in the interim condensed consolidated financial statements:

	December 31, 2024		September 30, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	5,090	5,090	436	436
Accounts receivable and other receivables	549	549	670	670
Other non-current assets	52	52	—	—
Financial liabilities				
Accounts payable and accrued liabilities	4,998	4,998	5,998	5,998
Lease liabilities	2,219	2,219	1,263	1,263
Loans payable	17,448	17,448	25,077	25,077
18% secured convertible notes	—	—	19,082	19,082
10% secured convertible notes	—	—	2,205	2,205
Preferred shares liability	—	—	35,549	14,096

All financial assets of the Company are carried at amortized cost in the interim condensed consolidated financial statements, and the carrying value approximates fair value because of their nature and relatively short maturity dates.

The Company believes that the carrying values of accounts payable and accrued liabilities and lease liabilities approximate their current fair values because of their nature and relatively short maturity dates or durations and current market rates for similar instruments.

Loans payable are carried at amortized cost using the effective interest rate method. The Company has determined that changes in interest rates and in the Company's assessment of its credit rating since origination of these financial liabilities has not resulted in a consequential change in the fair values of the loans payable. Given there is significant doubt over the use of the going concern basis it is possible that, to the extent adverse changes were to occur, that the settlement amounts could vary significantly from the estimated fair value amounts disclosed above.

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21 Segment reporting

Description of segment

The Company operates in one segment, namely development and commercialization of imaging technologies to guide common minimally invasive cardiovascular procedures. The chief executive officer, being the chief operating decision maker, allocates resources and assesses the performance of the Company at a consolidated level.

Information on revenue

The Company generates revenue primarily from sales of products and licensing and R&D services transactions.

The disaggregation of the Company's revenue is presented in the following table. Revenue is reported by geographical location based on the location of the customer or licensee.

	December 31, 2024	December 31, 2023
Revenue streams		
Product	242	657
Licensing and R&D services	8,392	34
Total revenue	<u>8,634</u>	<u>691</u>
Geographical area		
North America (excluding Canada)	5	10
Asia	8,629	681
Total revenue	<u>8,634</u>	<u>691</u>
Timing of revenue recognition		
Point in time	8,600	657
Over time	34	34
Total revenue	<u>8,634</u>	<u>691</u>

Geographical location of non-current assets

All non-current assets are in Canada.

CONAVI MEDICAL CORP.

Notes to the interim condensed consolidated financial statements

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22 Related party transactions

Key management includes the Company's directors and senior management team. The remuneration of directors and the senior management team was as follows:

	December 31, 2024	December 31, 2023
Salaries and employee benefits	217	244
Directors' fees	98	67
Share-based compensation	51	54
	<u>366</u>	<u>365</u>

Certain executive employment agreements allow for additional payments in the event of a liquidity event (as defined in those executive employment agreements), or if those executives are terminated without cause.

23 Subsequent Events

US and Canadian Tariffs

The potential imposition of trade tariffs by the US on imports from Canada, together with retaliatory tariffs by Canada on imports from the US, and other potential measures, including tariffs, duties, fees, economic sanctions or other trade measures, may present risks to our business operations. Such measures, the nature, extent and timing of which are uncertain, could impact our business. The potential for such measures introduces uncertainty in North American markets, possibly disrupting supply chains and access to capital markets may significantly impact our business.

Stock Option Plan

Effective January 2nd, 2025 the Company adopted a new stock option plan. A total of 1,073,685 stock options have been awarded to directors, officers, employees and consultants of the Company. The stock options are exercisable at a price of \$0.70 per common share for a period of 10 years from the date of the grant. All vesting is retroactive to the date of initial grant and on the same terms.