

CONAVI MEDICAL CORP.
(formerly TITAN MEDICAL INC.)

Management's
Discussion and Analysis
for the three and nine months
ended September 30, 2024

November 12, 2024

INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") is prepared as of Nov 12, 2024 and should be read in conjunction with the unaudited and unreviewed condensed interim consolidated statements of financial position and the related notes thereto for the three and nine months ended September 30, 2024 (the "**Interim Financial Statements**") of the Company and the annual audited financial statements for the year ended December 31, 2023 (the "**Annual Financial Statements**") of Conavi Medical Corp. (formerly Titan Medical Inc.) (referred to hereinafter as "**Titan**", the "**Company**", "**we**", "**us**" and "**our**"). The Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") 34, Interim Financial Reporting ("**IAS 34**") as issued by the International Accounting Standards Board.

Unless otherwise indicated, all financial information in this MD&A is reported in thousands of US dollars except for share and earnings (loss) per share data which is reported in number of shares and US dollars respectively. The tables and charts included in this document form an integral part of this MD&A.

As of September 30, 2024, the common shares of the Company (the "**Common Shares**") were listed under the symbol "**TMD**" on the Toronto Stock Exchange (the "**TSX**").

On October 11, 2024, a wholly-owned subsidiary of the Company completed an amalgamation with Conavi Medical Inc. ("Conavi"), under which the amalgamated entity became a wholly-owned subsidiary of the Company and the former securityholders of Conavi were issued securities of the Company in exchange for their securities of Conavi. Under National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102") this transaction constituted a "reverse takeover" (the "Business Combination"). Immediately prior to the completion of the Business Combination, the changed its name from "Titan Medical Inc." to "Conavi Medical Corp." and completed a share consolidation (the "**Consolidation**") on the basis of 1 post-Consolidation Common Share for each 25 pre-Consolidation Common Shares. In connection with the Business Combination, the Company is considered the "reverse takeover acquiree" and Conavi is considered the "reverse takeover acquirer", each as defined in NI 51-102. See "Subsequent Events" below for additional information.

At the close of trading on October 15, 2024, the Common Shares were voluntarily delisted from the TSX, and as of the open of trading on October 16, 2024 the Common Shares (on a post-Consolidation basis) were listed under the symbol "**CNVI**" on the TSX Venture Exchange (the "**TSXV**").

This MD&A has been prepared with reference to National Instrument 51-102 – Continuous Disclosure Obligations. Additional information related to Titan, including our Annual Information Form ("**AIF**") for the year ended December 31, 2023, and the joint information circular of the Company and Conavi dated August 30, 2024 pertaining to the Business Combination (the "**Circular**"), is available via SEDAR+ at www.sedarplus.ca.

This MD&A includes references to the Company's trade-marks and trade names, such as Titan, Titan Medical, and Enos, some of which may be protected under applicable intellectual property laws of one or more countries and which the Company believes is its property. Solely for convenience, the Company's trade-marks referred to in this MD&A may appear without the TM or ® symbols, but such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trade-marks and trade names.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion other than statements of historical facts that address future events, developments, or transactions that the Company expects, are forward-looking statements. These forward-looking statements are made as of the date of this MD&A. Forward-looking statements are frequently, but

not always, identified by words such as “expect”, “anticipate”, “estimate”, “may”, “could”, “might”, “will”, “would”, “should”, “intend”, “believe”, “target”, “budget”, “plan”, “strategy”, “goals”, “objectives”, “predicts”, “potential”, “projects”, “possible”, “milestones”, “projection” or the negative of any of these words and similar expressions, although these words may not be present in all forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled “*Risk Factors*” in the AIF and the Circular. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and, other than as required by law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are based on a number of assumptions, which may prove to be incorrect, including but not limited to the assumptions discussed in the section entitled “*Caution Regarding Forward-Looking Statements*” in the Company’s AIF. Accordingly, readers should not place undue reliance on forward-looking statements.

This MD&A also includes market data and forecasts. Although the Company is responsible for all of the disclosure contained in this MD&A, in some cases the Company relies on and refers to market data and certain industry forecasts that were obtained from third party surveys, market research, consultant surveys, publicly available information and industry publications and surveys that it believes to be reliable. Unless otherwise indicated, all market and industry data and other statistical information and forecasts contained in this MD&A are based on independent industry publications, reports by market research firms or other published independent sources and other externally obtained data that the Company believes to be reliable. Any such market data, information or forecast may prove to be inaccurate because of the method by which it was obtained or because it cannot always be verified with complete certainty given the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties, including those discussed in the AIF under the heading “*Risk Factors*”. As a result, although the Company believes that these sources are reliable, it has not independently verified the information.

The sections of the AIF titled “*Caution Regarding Forward-Looking Statements*” and “*Risk Factors*”, and the section of the Circular titled “*Forward-Looking Statements*” and “*Risk Factors*” are expressly incorporated by reference into this MD&A. The AIF and the Circular is available on SEDAR+ at www.sedarplus.ca.

BUSINESS UPDATE

The following are the key developments that occurred in the quarter ended September 30, 2024 and subsequent to the quarter:

- On March 17, 2024, the Company entered into a definitive amalgamation agreement (the “**Definitive Agreement**”) with Conavi Medical Inc. (“**Conavi**”) to combine the companies in an all-stock transaction (the “**Transaction**”). Under the terms of the Definitive Agreement, a newly incorporated and wholly-owned subsidiary of the Company and Conavi were to amalgamate and the shareholders of Conavi were to be issued Common Shares of the Company (“**Common Shares**”) based on an exchange ratio to be determined pursuant to the Definitive Agreement. The exchange ratio was subject to adjustment, if necessary, such that the Company’s shareholders prior to closing of the Transaction will hold at least 10% of the resulting shares following completion of the Transaction. In connection with the Transaction, Titan was to delist its common shares from

the Toronto Stock Exchange and apply to have them listed instead on the TSXV. The Definitive Agreement was subsequently amended on May 28, 2024, July 5, 2024 and August 14, 2024.

- On October 11, 2024, the Company completed the previously announced business combination between Conavi and the Company in an all-stock transaction, which constituted a reverse takeover of the Company. The combined company (the Resulting Issuer) will focus on continuing to commercialize and develop Conavi's Novasight Hybrid™ System designed to guide commonly minimally invasive coronary procedures.
- The Company's Common Shares have been voluntarily delisted from the Toronto Stock Exchange, effective as of close of markets on October 15, 2024, and commenced trading on October 16, 2024 on the TSX Venture Exchange (the "TSXV") under the new symbol "CNVI". The Company has been classified by the TSXV as a Tier 2 Technology issuer.
- In connection with closing of the Transaction, the Company changed its name to Conavi Medical Corp. and completed a consolidation (the "Consolidation") on the basis of 1 post-Consolidation Common Share for each 25 pre-Consolidation Common Shares.
- Immediately prior to completion of the Transaction and the Consolidation, the Company had 114,039,851 Common Shares issued and outstanding. After giving effect to the Transaction and Consolidation, the Company has approximately 44,250,086 Common Shares issued and outstanding. No fractional Common Shares were issued as a result of the Consolidation. All fractional Common Shares resulting from the Consolidation were rounded to the nearest whole number of Common Shares. The outstanding warrants of the Company existing prior to the Consolidation and the Transaction have been adjusted on the same basis (25:1) to reflect the Consolidation in accordance with their respective terms, with proportionate adjustments being made to exercise prices.

OVERVIEW

Titan is a medical technology company headquartered in Toronto, Ontario that previously had operations in Chapel Hill, North Carolina through its subsidiary, Titan Medical USA Inc. ("**Titan USA**"). Titan has developed an expansive patent portfolio related to the enhancement of robotic assisted surgery. Certain of Titan's robotic assisted surgery ("**RAS**") technologies and related intellectual property ("**IP**") have been licensed to Medtronic plc ("**Medtronic**") and Intuitive Surgical, Inc. ("**Intuitive**") while retaining world-wide rights to commercialize the technologies for use with the Enos System. Titan commenced a strategic review in November of 2022 (the "**Strategic Review**") and since May 26, 2023, the Company has focused on evaluating new opportunities to license its intellectual property, while reviewing and evaluating further strategic alternatives for the business, including a corporate sale, merger or other business combination, a sale of all or a portion of the company's assets, strategic investment or other significant transaction (the "**Strategic Transition**"). The Strategic Review and Strategic Transition led to the signing of the Definitive Agreement and the resulting merger with Conavi.

The Company was previously focused on the development of the Enos single access robotic-assisted surgical platform, which has not been authorized for marketing by the U.S. Food and Drug Administration or approved by any other regulatory authority in any other jurisdiction and is not commercially available.

The Company is the successor corporation formed pursuant to two separate amalgamations under the *Business Corporations Act* (Ontario) on July 28, 2008. The address of the Company's corporate office and its principal place of business was previously 76 Berkeley Street, Toronto, Ontario, Canada M5A 2W7, but this was changed to 293 Lesmill Road, Toronto, Ontario, Canada M3B 2V1 following completion of the Business Combination. On May 29, 2020, the Company established Titan USA, a Delaware corporation and a wholly owned subsidiary of the Company.

SIGNIFICANT TRANSACTIONS

Intuitive Licence Agreement

On May 26, 2023, the Company announced that it had entered into a license agreement with Intuitive (the “**Intuitive License**”). Under the terms of the Intuitive License, Titan granted Intuitive a non-exclusive license to certain IP of the Company for an upfront payment of \$7,500 received on May 26, 2023 with no further royalty payments due thereunder. Titan retains ownership of the licensed IP, along with the associated rights including the right to continue to develop and commercialize the technologies covered by the licensed IP and the right to license the IP to other third parties.

Agreements with Medtronic

On June 3, 2020, the Company entered into a development and license agreement (the “**Development Agreement**”) with a U.S. affiliate of Medtronic in connection with the development of RAS technologies and a separate license agreement (the “**License Agreement**”, and together with the Development Agreement, the “**Medtronic Agreements**”) with Medtronic with respect to certain previously developed Company technologies.

Under the terms of the License Agreement, Titan granted Medtronic an exclusive license with regard to certain RAS technologies, including patents and know-how, for a one-time upfront royalty payment of \$10,000 received on June 10, 2020 with no further royalty payments due thereunder. Under the terms of the Development Agreement, Titan granted Medtronic an exclusive license with regard to the technologies developed under the Development Agreement in exchange for payments totaling \$30,600 as described below, with no further royalty payments due thereunder. While the IP licensed to Medtronic under the Medtronic Agreements may not be licensed to a third party, Titan has retained rights to continue to develop, commercialize and use the licensed IP and the licensed technologies for the Company’s own business in single access RAS, including the Enos System. Furthermore, in connection with the sale of all or substantially all of the assets of the Company or a “change of control” (as such term is defined in the Medtronic Agreements), the Company may assign and transfer all of its rights under the Medtronic Agreements, allowing an acquirer to use the licensed IP and technologies, as otherwise permitted under the Medtronic Agreements, for their own purposes.

All of the milestones under the Development Agreement have been completed and the associated payments were received from Medtronic, with a last payment of \$10,600 being received on January 26, 2022. The Company received a net payment of \$8,280, as \$2,300 was offset by Medtronic to pay for a loan that was retired in December 2021. The Company recognized revenue of \$10,000 in fiscal 2021 related to the achievement of this milestone.

On September 9, 2022, the Company entered into an agreement with Medtronic (the “**Development and Pre-Clinical Supply Agreement**”) that includes a limited development program, preclinical collaboration to evaluate the performance of various instruments and cameras in gynecological procedures, and the supply of certain instruments and cameras to Medtronic. The total commitment of work under the Development and Pre-Clinical Supply Agreement was approximately \$2,662. In connection with the Pre-Clinical Supply Agreement, in May 2022, the Company received a purchase order from Medtronic for the \$2,662 and received a deposit of \$1,206 in July 2022, which was recorded as deferred revenue at the time of receipt. In the second quarter of 2023, the Company recognized \$1,682 of revenue for the completion of the final deliverables under the Development and Pre-Clinical Supply Agreement, with the remaining \$980 being cancelled.

On June 5, 2023, the Company announced that it had entered into an asset purchase and non-exclusive license agreement with Medtronic (the “**Medtronic APLA**”). Under the terms of the Medtronic APLA, for an upfront payment of \$8,000, Titan sold to Medtronic the patents exclusively licensed by Titan to Medtronic under the Medtronic Agreements (“**Acquired Rights**”) and granted Medtronic a non-exclusive license to certain other Titan IP excluding the Acquired Rights (“**Licensed IP**”). Medtronic has granted Titan a limited

non-exclusive license back to the Acquired Rights and Titan retains ownership of the Licensed IP, along with the associated rights including the right to continue to develop and commercialize the technologies covered by the Licensed IP and the right to further license the Licensed IP to other third parties.

RESEARCH AND DEVELOPMENT

Enos System Development

While the Company has halted all development activities towards the commercialization of RAS technologies, the Company has previously developed certain innovative surgical technologies for single access RAS requiring only a single access point/port, including the development of an expansive IP portfolio. The Company worked on the development of the Enos System, which comprises a surgeon-controlled patient cart with a 3D high-definition vision system and multi-articulating instruments to enable a surgeon to perform surgical procedures, and a surgeon workstation designed to provide the surgeon with an ergonomic interface to the patient cart and a 3D high-definition view of the surgical procedure.

The design of the Enos System patient cart provides for the delivery of two multi-articulating instruments and a flexible 3D high-definition endoscopic camera through a single access port through an insertion tube/cannula with a diameter of approximately 25 millimeters that includes an integrated 2D high-definition camera. The endoscopic camera and multi-articulating instruments are designed to be controlled by the surgeon via the surgeon workstation. The reusable multi-articulating instruments are designed to provide dexterous movements and to facilitate an assortment of end effectors.

Through the development of RAS technologies, the Company has evaluated its technologies for IP protection through a combination of trade secrets and patent application filings.

“Enos 2.0” Development

The Company has developed next generation RAS technology that leverages and builds on the technology of the Enos System and that generated under the previously completed Development Agreement (the “**Enos 2.0 Technology**”). The Enos 2.0 Technology includes an iterative design of a surgeon-controlled patient cart that supports three multi-articulating instruments and a 3D high-definition endoscope camera that are remotely positionable and surgeon-controlled using a remote center of motion at a single access point/port.

Regulatory Overview

RAS systems are highly regulated, complex medical devices that require regulatory approval and/or authorization in each country where such product would be commercialized. While the Company is not presently seeking regulatory authorization for its technologies, based on prior communications with the FDA, the US regulatory pathway would likely involve marketing authorization through a classification request for novel devices in accordance with section 513(f)(2) of the U.S. Federal Food, Drug and Cosmetic Act (the “**FD&C Act**”), commonly known as a De Novo classification submission.

Since the Company has not submitted any applications for marketing authorization, it is not possible to predict the outcome of any future review by the FDA and the time required to complete activities necessary for regulatory marketing authorization.

Prior to postponing its activities, the Company was working towards an IDE submission with the FDA to seek approval to perform human surgeries as part of a proposed clinical study with the Enos System. An IDE allows the investigational device to be used in a clinical study in order to collect safety and effectiveness data and would be required prior to seeking marketing authorization.

Development Plan

Since May 26, 2023, the Company has focused on evaluating new opportunities to license its intellectual property, while reviewing and evaluating further strategic alternatives for the business, including a corporate sale, merger or other business combination, a sale of all or a portion of the company's assets, strategic investment or other significant transaction. The Strategic Review and Strategic Transition led to the signing of the Definitive Agreement and the proposed merger with Conavi.

INTELLECTUAL PROPERTY AND LICENSING

The Company has developed an expansive patent portfolio related to the enhancement of RAS, including through a single access point, and is currently focused on evaluating new opportunities to further develop and license its IP.

Pursuant to the Medtronic Agreements and the Medtronic APLA, the Company has licensed certain IP of the Company and sold certain IP of the Company to Medtronic (see "*Significant Transactions – Agreements with Medtronic*").

Pursuant to the Intuitive License Agreement, the Company non-exclusively licensed to Intuitive certain IP of the Company (see "*Significant Transactions – Intuitive License Agreement*").

IP Exclusivity and Independence

Under the Medtronic APLA, while Titan sold certain of its IP to Medtronic, Titan received a limited license back to the Acquired Rights consistent with the rights retained by Titan for the exclusively licensed IP under the Medtronic Agreements to commercialize the licensed technologies in single access RAS, including with the Enos System and enhancements thereof, should the Company choose to do so. Under the Medtronic APLA Titan may assign its IP rights thereunder in connection with the sale of all or substantially all of the assets of Titan or in connection with a "change of control" (as such term is defined therein). Titan retains ownership of the Licensed IP, along with the associated rights including the right to continue to develop and commercialize the technologies covered by the Licensed IP and the right to further license the Licensed IP to other third parties. Under the Intuitive License Agreement, Titan retains ownership of the licensed IP, along with the associated rights including the right to continue to develop and commercialize the technologies covered by the licensed IP and the right to license the IP to other third parties.

See "*Significant Transactions - Agreements with Medtronic*" and "*Significant Transactions – Intuitive License Agreement*".

RESULTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue	-	450	-	17,632
Expenses				
Research and development	(11)	89	(114)	897
General and administrative	1,931	1,136	3,978	7,720
	1,920	1,225	3,864	8,617
Net (loss) income from operations	(1,920)	(775)	(3,864)	9,015
Finance income	(42)	(172)	(214)	(200)
Finance expenses	29	41	96	183
Foreign exchange (gain) loss	(1)	8	37	25
Gain on lease termination	(84)	-	(84)	-
Gain on AP settlement	-	(442)	(8)	(1,134)
Gain on disposal of PPE	-	(237)	-	(237)
Gain on fair value of warrant	-	(41)	-	(375)
Total other income	(98)	(843)	(173)	(1,738)
Income tax expense	-	-	3	-
Net and comprehensive (loss) income	(1,822)	68	(3,694)	10,753
Diluted (loss) income per share	(0.40)	0.01	(0.81)	2.09

<i>Financial Position</i>	September 30, 2024	December 31, 2023
Cash	3,023	7,543
Total assets	3,273	8,762
Total liabilities	1,837	3,977
Total equity	1,436	4,785

Revenue

Revenue was nil for the three and nine months ended September 30, 2024 compared to \$450 and \$17,632 for the three and nine months ended September 30, 2023, respectively. In the prior period, the Company recognized \$15,500 in revenue from the Medtronic APLA and the Intuitive License Agreement as the agreements allow both Medtronic and Intuitive to use the Company's intellectual property as it exists when the licence is granted. The Company also recognized \$1,682 of revenue in 2023 for the completion of the final deliverables on the purchase order for Medtronic.

Research and Development

Research and development ("**R&D**") expenses were recovery of \$11 for the three months ended September 30, 2024 compared to \$89 for the three months ended September 30, 2023. R&D expenses were recovery of \$114 for the nine months ended September 30, 2024 compared to \$897 for the nine months ended September 30, 2023.

In the three and nine months ended September 30, 2023, the Company implemented cost-cutting measures that significantly reduced R&D expenses. In the nine months ended September 30, 2024, R&D expense recovery of \$105 is attributed to forfeitures of stock options and Restricted Share Units ("**RSUs**") related to R&D personnel.

General and Administrative

General and administrative (“**G&A**”) expenses were \$1,931 and \$3,978 for the three and nine months ended September 30, 2024 compared to \$1,136 and \$7,720 for the comparative periods ended September 30, 2023. The increase in G&A expenses in the current period is related to the transaction costs related to the merger with Conavi Medical Inc. In 2023, G&A expenses included severance charges of \$1,140, transaction costs and increased stock-based compensation, offset by reduction in costs due to cost-cutting measures.

Net (Loss) Income from Operations

Net loss from operations was \$1,920 and \$3,864 for the three and nine months ended September 30, 2024 compared to operating loss of \$775 and operating income of \$9,015 for the three and nine months ended September 30, 2023. Net income from operations in 2023 is primarily related to the Medtronic APLA and the Intuitive License Agreement as well as the Strategic Review. As part of the Strategic Review, the Company implemented cost-cutting measures that reduced both R&D and G&A expenses including a reduction in its labour force.

Other (income) expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Finance income	(42)	(172)	(214)	(200)
Finance expenses	29	41	96	183
Foreign exchange (gain) loss	(1)	8	37	25
Gain on lease termination	(84)	-	(84)	-
Gain on AP settlement	-	(442)	(8)	(1,134)
Gain on disposal of PPE	-	(237)	-	(237)
Gain on fair value of warrant	-	(41)	-	(375)
Total other income	(98)	(843)	(173)	(1,738)

Finance income

Finance income was \$42 for the three months ended September 30, 2024 compared to \$172 for the three months ended September 30, 2023. Finance income was \$214 for the nine months ended September 30, 2024 compared to \$200 for the nine months ended September 30, 2023. The increase in finance income for the nine months ended Sept 2024 compared to 2023 is related to higher yield earned on the Company's larger average cash balances.

Finance expenses

Finance expenses were \$29 for the three months ended September 30, 2024 compared to \$41 for the three months ended September 30, 2023. The finance expenses are attributed from the non-cash interest inherent in lease obligations for the Company's Chapel Hill facility.

Finance expenses were \$96 for the nine months ended September 30, 2024 compared to \$183 for the nine months ended September 30, 2023. In the current nine-month period finance expenses included the non-cash interest inherent in lease obligations for the Company's Chapel Hill facility. In the comparative nine-

month period, the finance expenses relate to the non-cash interest inherent in lease obligations for the Company's Chapel Hill facility and interest on supplier accounts.

Foreign exchange loss

Foreign exchange gain was \$1 for the three months ended September 30, 2024 compared to a foreign exchange loss of \$8 for the three months ended September 30, 2023. Foreign exchange loss was \$37 for the nine months ended September 30, 2024, compared to a loss of \$25 for the nine months ended September 30, 2023. Foreign exchange is related to the revaluation of the Canadian dollar non-monetary assets being revaluated into the US dollar reporting currency.

Gain on lease termination

During the quarter ended September 30, 2024, the Company entered into a termination agreement with the landlord to buyout the lease obligations for two of its eight suites at the Company's Chapel Hill facility location. The Company paid \$90 inclusive of brokerage commission to extinguish \$174 of lease liabilities and recognized gain on lease termination of \$84.

Gain on AP settlement

During the quarter, the Company recognized a gain of \$Nil from settlement of Accounts payable. In the comparative period, the Company recognized a gain of \$442 from the amount settled that is less than the book value. For the nine months ended September 30, 2024, gain from settling AP less than the book value was \$8 vs a gain of \$1,134 for the comparative period.

Gain on disposal of PPE

During the quarter ended September 30, 2023, the company sold equipment previously fully impaired for \$237 resulting in a gain on disposal.

Gain on Fair Value of Warrant Derivative

As there were no derivative warrants outstanding as of March 31, 2024, there was no fair value gain or loss for the three and nine months ended September 30, 2024. For the three and nine months ended September 30, 2023, the gain on the fair value of the warrant derivative was \$41 and \$375 respectively. The gain was mainly attributable to a decline in share price as the main input to the Black-Scholes valuation model used to estimate fair value at each reporting period.

Net and Comprehensive (Loss) Income

Net and comprehensive loss was \$1,822 for the three months ended September 30, 2024 compared to net income of \$68 for the three months ended September 30, 2023. Net and comprehensive loss was \$3,694 for the nine months ended September 30, 2024 compared to a net income of \$10,753 for the nine months ended September 30, 2023. The differential in net income from operations in 2023 compared to 2024 is primarily related to the Medtronic APLA and the Intuitive License Agreement in 2023.

FINANCIAL POSITION

Working Capital

The Company defines working capital as current assets, less current liabilities. Working capital was \$1,759 at September 30, 2024 compared to \$5,540 at December 31, 2023. The Company commenced a Strategic Review in November 2022 to address its working capital deficiency (see “Overview”). During 2023, the Company received cash proceeds of \$15,500 from the Intuitive License and Medtronic APLA.

LIQUIDITY AND CAPITAL RESOURCES

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash (used in) from operating activities	(647)	(1,766)	(4,000)	5,826
Cash used in financing activities	(228)	(142)	(520)	(305)
Cash from investing activities	-	182	-	85
Net change in cash during the period	(875)	(1,726)	(4,520)	5,606
Cash and cash equivalents, beginning of period	3,898	10,621	7,543	3,289
Cash and cash equivalents, end of period	3,023	8,895	3,023	8,895

The Company had cash of \$3,023 as of September 30, 2024, compared to \$7,543 as of December 31, 2023.

Operating Activities

Cash used in operating activities was \$647 for the three months ended September 30, 2024 compared to \$1,766 for the three months ended September 30, 2023. Cash used in operating activities was \$4,000 for the nine months ended September 30, 2024 compared to cash from operating activities of \$5,826 for the nine months ended September 30, 2023.

Cash from operating activities in the three- and nine-months periods ending September 30, 2023 was primarily related to the Medtronic APLA and the Intuitive License Agreement as well as the Strategic Review.

Financing Activities

Cash used in financing activities was \$228 for the three months ended September 30, 2024 compared to \$142 for the three months ended September 30, 2023.

Cash used in financing activities was \$520 for the nine months ended September 30, 2024 compared to \$305 for the nine months ended September 30, 2023.

In both the three- and nine-month periods, cash used in financing was related to the repayment of lease obligations for the Company’s facility in Chapel Hill. In the comparative three and nine-month period, the Company applied a rent credit to reduce cash lease costs.

Investing Activities

Cash from investing activities was \$nil for the three and nine months ended September 30, 2024 compared to \$182 and \$85 for the three and nine months ended September 30, 2023. In the comparative period, cash from investing activities related to disposition of PPE offset by patent filing costs.

SELECTED QUARTERLY INFORMATION

The following is selected financial data for each of the eight most recently completed quarters, derived from the Company's financial statements, and calculated in accordance with IFRS. Net and comprehensive (loss) / income figures include the non-cash effects of adjustments in the valuation of outstanding warrant liability.

	Revenue	Net and comprehensive (loss) income	Basic (loss) income per share
	\$	\$	\$
September 30, 2024	-	(1,822)	(0.40)
June 30, 2024	-	(1,065)	(0.23)
March 31, 2024	-	(807)	(0.18)
December 31, 2023	-	(3,243)	(0.83)
September 30, 2023	450	68	0.02
June 30, 2023	17,182	13,256	2.94
March 31, 2023	-	(2,571)	(0.57)
December 31, 2022	-	(12,068)	(2.70)

Significant changes in key financial data from April 1, 2022, through September 30, 2024, reflect the following:

- The Strategic Review process that commenced in November 2022 and the Strategic Transition commenced in May 2023 (see "Overview").
- The implementation of certain cost-cutting measures with a view of preserving capital to support the Strategic Review while limiting work to tasks related to the Strategic Review, the IDE filing with the FDA and fulfilling certain other contractual development and supply obligations. The measures included the furlough of 40 employees at the Chapel Hill, North Carolina facility.
- The Intuitive License and the corresponding upfront payment of \$7,500 in respect of certain IP of the Company.
- The Medtronic APLA and corresponding upfront payment of \$8,000 in respect of certain IP of the Company.
- The non-exclusive licensing agreement with Auris Heath, Inc., a Johnson & Johnson MedTech company, in respect of certain IP of the Company, entered in August 2023.

Historically, operating results have fluctuated on a quarterly basis and the Company expects that quarterly results will continue to fluctuate in the future even with the Strategic Transition. Operating results for interim periods should not be relied upon as an indication of the results to be expected or achieved in any future period or any fiscal year as a whole. Risk factors affecting revenue and results are discussed in the sections entitled "Risk Factors" in the AIF and the Circular.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain a strong statement of financial position. In November 2022, the Company commenced the Strategic Review process to consider strategic alternatives as the Company's available working capital was nominal. In December, the Company announced cost-cutting measures with a view of preserving capital to support the Strategic Review while limiting work to tasks related to the Strategic Review, the IDE filing with the FDA and fulfilling certain other contractual development and supply obligations. As of May 26, 2023, the Company was focused on evaluating opportunities to develop and license its intellectual property, while reviewing and evaluating further strategic alternatives for the business, including a corporate sale, merger or other business combination, a sale of all or a portion of the company's assets, strategic investment or other significant transaction.

The Company defines its capital as cash and shareholders' equity, which as at September 30, 2024, totaled \$4,459 (December 31, 2023 - \$12,328). During the second quarter of 2023, the Company received cash proceeds of \$15,500 from the Intuitive License and the Medtronic APLA. As at September 30, 2024, the Company does not have any debt other than accounts payable and accrued liabilities and lease liabilities. In managing its capital, the Company estimates future cash requirements by preparing an annual budget for review and approval by its Board. The budget establishes the approved activities for the upcoming year and estimates the costs associated with these activities.

Historically, the Company has funded its operations through the issuance of additional Common Shares and common share purchase warrants that upon exercise are converted to Common Shares and through license revenue received under licensing agreements. While management regularly monitors the capital markets, general market conditions, and the availability of capital, there are no assurances that funds will be made available to the Company in the required amounts or when required.

On August 25, 2022, the Company's Form F-3 registration statement became effective (the "Base Shelf") that qualified for distribution up to \$90,000 of Common Shares, warrants, or units (the "Securities") in the U.S. In connection with the Company's de-registration from the United States Securities and Exchange Commission, the Base Shelf ceased to be effective on April 10, 2023.

The Company's Form F-3 registration statement that qualified for distribution up to \$125,000 of Securities in either Canada, the U.S. or both expired on July 30, 2022.

Nasdaq Compliance

On December 30, 2021, the Company received a notification from Nasdaq's Listing Qualifications Department that it was not in compliance with the minimum bid price requirement set forth in Nasdaq Rule 5550(a)(2) since the closing bid price for the Company's Common Shares listed on Nasdaq was below US\$1.00 for 30 consecutive business days. Nasdaq Rule 5550(a)(2) requires the shares to maintain a minimum bid price of US\$1.00 per share, and Nasdaq Rule 5810(c)(3)(A) provides that failure to meet such a requirement exists when the bid price of the shares is below US\$1.00 for a period of 30 consecutive business days.

In accordance with Listing Rule 5810(c)(3)(A), Nasdaq will provide written notification that the Company has achieved compliance with the minimum bid price requirement (and will consider such deficiency matters closed) upon the bid price of the shares closing at or above US\$1.00 per share for a minimum of 10 consecutive business days. The Company had a period of 180 calendar days from the date of notification, being until June 28, 2022, to regain such compliance. Since it was not able to achieve compliance with the minimum bid price requirement by the June 28, 2022 deadline, the Company applied for, and on June 29, 2022 was granted, an additional 180 calendar day period, through December 26, 2022, to evidence compliance with the US\$1.00 minimum bid price requirement for continued listing on Nasdaq.

On December 27, 2022, the Nasdaq Listing Qualifications Staff notified the Company that, based upon the Company's non-compliance with the minimum bid price requirement set forth in Nasdaq Listing Rule

5550(a)(2) as of December 26, 2022, the Company's securities would be delisted unless the Company timely requested a hearing before the Nasdaq Hearings Panel (the "**Nasdaq Panel**"). The Company requested a hearing and on March 9, 2023, the Company announced the decision of the Nasdaq Panel to delist the Company's Common Shares effective March 10, 2023. On April 4, 2023, the Company filed Form 25 with the United States Security and Exchange Commission to deregister as a reporting issuer.

The Company was listed on the TSX and the notification did not affect the company's compliance status with such listing.

In connection with the Transaction, the Company's common shares have been voluntarily delisted from the Toronto Stock Exchange, effective as of close of markets on October 15, 2024, and commenced trading on October 16, 2024 on the TSXV under the new symbol "**CNVI**". The Company has been classified by the TSXV as a Tier 2 Technology issuer. See "*Business Update and Subsequent Event*".

CONTRACTUAL OBLIGATIONS

The Company's primary liquidity needs for the next twelve months are to pay operating expenses and to manage its working capital. The following contractual maturities of financial obligations exist as at September 30, 2024:

	Contractual cash flow	Within 1 year	1 – 3 years
	\$	\$	\$
Accounts payable and accrued liabilities	998	998	-
Income taxes payable	24	24	-
Lease liabilities	815	436	379
TOTAL	1,837	1,458	379

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this report, the Company had no off-balance sheet arrangements.

SUBSEQUENT EVENT

On October 11, 2024, the Company completed the previously announced business combination between Conavi and the Company in an all-stock transaction, which constituted a reverse takeover of the Company. The combined company (the Resulting Issuer) will focus on continuing to commercialize and develop Conavi's Novasight Hybrid™ System designed to guide commonly minimally invasive coronary procedures.

The Company's common shares have been voluntarily delisted from the Toronto Stock Exchange, effective as of close of markets on October 15, 2024, and commenced trading on October 16, 2024 on the TSXV under the new symbol "CNVI". The Company has been classified by the TSXV as a Tier 2 Technology issuer.

In connection with closing of the Transaction, the Company changed its name to Conavi Medical Corp. and completed a share consolidation on the basis of 1 post-Consolidation Common Share for each 25 pre-Consolidation Common Shares. When the Common Shares commence trading, it will be on a post-Consolidated basis.

No fractional Common Shares were issued as a result of the Consolidation. All fractional Common Shares resulting from the Consolidation were rounded to the nearest whole number of Common Shares. The outstanding warrants of the Company existing prior to the Consolidation and the Transaction have been adjusted on the same basis (25:1) to reflect the Consolidation in accordance with their respective terms, with proportionate adjustments being made to exercise prices.

In connection with the completion of the Transaction, the officers and Board of Directors of the Company have resigned.

Joining the Board of Directors of the Resulting Issuer from the board of Conavi are Thomas Looby, Craig Podolsky, Aaron Davidson, Susan Allen and Robert D. Mitchell.

In addition, consistent with the terms of the Transaction provided for in the Amalgamation Agreement and as disclosed in the Circular, the Conavi board members have determined to also re-appoint former board members Anthony Giovinazzo and Cathy Steiner to the Board of Directors of the Resulting Issuer. The Resulting Issuer's new management team will be led by Thomas Looby, Chief Executive Officer and Stefano Picone, Chief Financial Officer.

OUTSTANDING COMMON SHARE DATA

The following table summarizes the outstanding share capital as of October 11, 2024, the date the Company completed the previously announced Business Combination between Conavi Medical Inc. (following the completion of the Business Combination):

Type of Securities	Number of Common Shares issued or issuable upon conversion
Common Shares	44,250,086
Stock options	264,870
Equity warrants	16,390,999

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A description of the Company's significant accounting policies is included in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2023.

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Management has identified accounting estimates that it believes are most critical to understanding the Consolidated Financial Statements and those that require the application of management's most subjective judgments, often requiring the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. The Company's actual results could differ from these estimates and such differences could be material.

Financial statement items subject to significant judgement include, (a) incremental borrowing rate used to measure lease liabilities, (b) the fair value estimate of the measurement of lease, warrant derivative liabilities and the note payable, (c) the assessment of the Company's ability to meet its obligations as they come due and (d) the assessment of impairments on property, plant and equipment and right of use assets. While management believes that the estimates and assumptions are reasonable, actual results may differ.

RELATED PARTY TRANSACTIONS

During the quarters ended September 30, 2024 and September 30, 2023, transactions between the Company and directors, officers and other related parties were related to compensation matters in the normal course of operations and are measured at the fair value, which is the amount of consideration established and agreed to by the related parties.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and the warrant derivative liability. The fair value of these financial instruments approximates their carrying values, unless otherwise noted, due to the short-term maturities of these instruments, the discount rate applied or in the case of the warrant liability, due to the application of mark-to-market policy.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting (“**ICFR**”) within the Company, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings* requires the Chief Executive Officer and Chief Financial Officer to certify that they are responsible for establishing and maintaining ICFR for the Company and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer are also responsible for disclosing any changes to the internal controls for the Company that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

Management, including the Interim Chief Executive Officer and Chief Financial Officer, does not expect that the internal controls over financial reporting of the Company will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems objectives will be met.

Further, the design of a control system must reflect that there are resource constraints, and the benefits of controls must be considered relative to their costs. Inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations 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.

There have been no changes in the ICFR of the Company during the period of this MD&A that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

RISK FACTORS

For a detailed description of risk factors associated with the Company, refer to the “Risk Factors” sections of the AIF and the Circular, which are available on SEDAR+ at www.sedarplus.ca.

An investment in the Company’s securities is speculative and involves a high degree of risk due to the nature of the Company’s business. It is recommended that investors consult with their own professional advisors before investing in the Company’s securities.