

Conavi Medical Corp.
(formerly Titan Medical Inc.)

Q3, 2024

Condensed Interim Consolidated Financial Statements (Unaudited)

Conavi Medical Corp. (formerly Titan Medical Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited) (in thousands of US dollars)

		As at September 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
	Notes	\$	\$
ASSETS			
CURRENT ASSETS			
Cash		3,023	7,543
Prepaid expenses, deposits and receivables	3	194	1,118
TOTAL CURRENT ASSETS		3,217	8,661
NON-CURRENT ASSETS			
Lease receivable	5	56	101
TOTAL NON-CURRENT ASSETS		56	101
TOTAL ASSETS		3,273	8,762
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	4	998	2,630
Current portion of lease obligations	5	436	467
Income taxes payable		24	24
TOTAL CURRENT LIABILITIES		1,458	3,121
NON-CURRENT LIABILITIES			
Lease obligations	5	379	856
TOTAL LIABILITIES		1,837	3,977
SHAREHOLDERS' EQUITY			
Share capital	7	266,083	266,083
Contributed surplus – warrant reserve	8	2,775	3,205
Contributed surplus		25,748	24,973
Deficit		(293,170)	(289,476)
TOTAL SHAREHOLDERS' EQUITY		1,436	4,785
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,273	8,762

Subsequent Event

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See accompanying notes to these condensed interim consolidated financial statements.

Approved on behalf of the Board:

"Aaron Davidson"

"Susan Allen"

Aaron Davidson
Board Chair

Susan Allen
Chair, Audit Committee

Conavi Medical Corp. (formerly Titan Medical Inc.)
Condensed Interim Consolidated Statements of Net and Comprehensive (Loss) Income
(Unaudited)
(in thousands of US dollars, except per share amounts)

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2024	2023	2024	2023
		\$	\$	\$	\$
Revenues		-	450	-	17,632
Expenses					
Research and development		(11)	89	(114)	897
General and administrative		1,931	1,136	3,978	7,720
Total expenses		1,920	1,225	3,864	8,617
Net (loss) income from operations		(1,920)	(775)	(3,864)	9,015
Other Expenses (Income)					
Finance income		(42)	(172)	(214)	(200)
Finance expense		29	41	96	183
Foreign exchange (gain) loss		(1)	8	37	25
Gain on lease termination	5	(84)	-	(84)	-
Gain on AP settlement		-	(442)	(8)	(1,134)
Gain on disposal of PPE		-	(237)	-	(237)
Gain on fair value of warrant	6	-	(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
(Loss) income per share:	10				
Basic		\$(0.40)	\$0.02	\$(0.81)	\$2.38
Diluted		\$(0.40)	\$0.01	\$(0.81)	\$2.09
Weighted average shares used in per share computation:					
Basic		4,561,594	4,528,522	4,561,594	4,512,662
Diluted		4,561,594	5,164,316	4,561,594	5,148,456

See accompanying notes to these condensed interim consolidated financial statements.

Conavi Medical Corp. (formerly Titan Medical Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
(in thousands of US dollars)

	Note	Nine Months Ended September 30	
		2024	2023
		\$	\$
OPERATING ACTIVITIES			
Net and comprehensive (loss) income		(3,694)	10,753
Items not involving current cash flows:			
Depreciation and amortization		-	99
Interest expense on lease liabilities	5	96	132
Share-based compensation expense	9(c)	345	1,022
Gain on lease termination	5	(84)	-
Gain on AP settlement		(8)	(1,134)
Gain on disposal of PPE		-	(237)
Gain on change in fair value of warrants	6	-	(375)
Changes in non-cash working capital balances			
Prepaid expenses, deposits and receivables		924	1,151
Accounts payable and accrued liabilities	4	(1,624)	(4,379)
Lease receivable	5	45	-
Deferred revenue		-	(1,206)
Cash (used in) from operating activities		(4,000)	5,826
FINANCING ACTIVITIES			
Buyout of lease obligations	5	(90)	-
Repayment of lease obligations	5	(430)	(305)
Cash used in financing activities		(520)	(305)
INVESTING ACTIVITIES			
Proceeds from disposal of PPE		-	237
Patent filing costs		-	(152)
Cash from investing activities		-	85
(Decrease) increase in cash during the period		(4,520)	5,606
Cash, beginning of the period		7,543	3,289
Cash, end of the period		3,023	8,895

See accompanying notes to these condensed interim consolidated financial statements.

Conavi Medical Corp. (formerly Titan Medical Inc.)
Condensed Interim Consolidated Statements of Shareholders' Equity
(Unaudited)(in thousands of US dollars)

	Notes	Share Capital		Contributed Surplus – Warrant Reserve	Contributed Surplus	Deficit	Total
		000s	\$	\$	\$	\$	\$
Balance, December 31, 2022		4,478	264,511	11,749	17,005	(296,429)	(3,164)
Stock-based compensation expense	9(c)	-	-	-	1,022	-	1,022
RSU exercised	9(b)	67	1,455	-	(1,455)	-	-
Expiry of Equity Warrants		-	-	(8,544)	8,544	-	-
Net and comprehensive income		-	-	-	-	10,753	10,753
Balance, September 30, 2023		4,545	265,966	3,205	25,116	(285,676)	8,611
Balance, December 31, 2023		4,562	266,083	3,205	24,973	(289,476)	4,785
Stock-based compensation expense	9(c)	-	-	-	345	-	345
Expiry of Equity Warrants		-	-	(430)	430	-	-
Net and comprehensive loss		-	-	-	-	(3,694)	(3,694)
Balance, September 30, 2024		4,562	266,083	2,775	25,748	(293,170)	1,436

See accompanying notes to these condensed interim consolidated financial statements.

1. NATURE OF BUSINESS

Conavi Medical Corp. (formerly Titan Medical Inc.) (referred to hereinafter as “Titan”, the “Company”, “we”, “us” and “our”) is a medical technology company headquartered in Toronto, Ontario that previously had operations in Chapel Hill, North Carolina through its subsidiary, 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 proposed merger with Conavi Medical Inc. (“Conavi”).

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 “Transaction”). 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 (“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 share consolidation (the “Consolidation”) on the basis of 1 post-Consolidation Common Share for each 25 pre-Consolidation Common Shares.

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.

All outstanding share and warrant data and disclosure concerning share-based compensation plans including stock options and RSUs set forth herein is on a post-Consolidation basis.

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 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 Transaction. On May 29, 2020, the Company established Titan USA, a Delaware corporation and a wholly owned subsidiary of the Company.

2. BASIS OF PRESENTATION

Statement of compliance

These Condensed Interim Consolidated Financial Statements were prepared by management in accordance with IFRS as issued by the IASB and in compliance with International Accounting Standard 34 *Interim Financial Reporting*. The notes presented in these Condensed Interim Consolidated Financial Statements include only significant events and transactions occurring since our last fiscal year end and are not fully inclusive of all matters required to be disclosed in the Company's annual audited Consolidated Financial Statements. Accordingly, these Condensed Interim Consolidated Financial Statements should be read in conjunction with our most recent annual audited Consolidated Financial Statements, for the year ended December 31, 2023. We have consistently applied the same accounting policies for all periods presented in these Condensed Interim Consolidated Financial Statements as those used in our audited Consolidated Financial Statements for the year ended December 31, 2023.

These Condensed Interim Consolidated Financial Statements were authorized for issue by the Board of Directors on November 12, 2024.

Basis of measurement

These condensed interim consolidated financial statements are prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial liabilities to fair value. Items included in the financial statements of each consolidated entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These condensed interim consolidated financial statements are presented in US dollars, which is the Company and its subsidiary's functional currency.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in these consolidated financial statements.

Estimates, assumptions, and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in adjustments to the carrying amount of an asset or liability or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2024 and for three and nine months ended September 30, 2024 and 2023 (Unaudited)

(in thousands of US dollars, except share and per share amounts, unless otherwise stated)

Key areas of judgment and estimation are as follows:

Incremental borrowing rates

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use ("ROU") asset. The IBR, therefore, requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs such as market interest rates and is required to make certain entity-specific estimates such as the stand-alone credit rating.

Stock-based payments and warrants

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based compensation and warrant reserves, which require the use of several input variables. Measurement date estimates include share price, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information of a comparable peer group), weighted average expected life of the instruments, expected dividends and the risk-free interest rate (based on government bonds). The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of stock-based payments and warrants

Asset impairments for non-financial assets and impairment reversals

The Company's estimate of the recoverable amount for the purpose of impairment testing requires management to make assumptions regarding estimates of the present value of future cash flows including growth opportunities, economic risk, and the discount rate.

3. PREPAID EXPENSES, DEPOSITS AND RECEIVABLES

	September 30, 2024	December 31, 2023
	\$	\$
Prepaid insurance	-	911
Other prepaid	60	68
Current portion of finance lease receivable	60	56
Short-term deposits	1	47
HST receivable	73	36
Balance	194	1,118

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2024 and for three and nine months ended September 30, 2024 and 2023 (Unaudited)

(in thousands of US dollars, except share and per share amounts, unless otherwise stated)

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024	December 31, 2023
	\$	\$
Trade payables	628	263
Deposit from Conavi Medical Inc.	109	-
Accrued legal and accounting	98	196
Accrued other	25	26
Accrued contractual dispute	-	2,000
Accrued severance	138	138
Accrued payroll	-	7
Total	998	2,630

Deposit from Conavi Medical Inc.

On May 28, 2024, Titan and Conavi Medical Inc. ("Conavi") entered into an amending agreement in respect of the previously announced amalgamation agreement dated March 17, 2024. The amending agreement alters the timeframe under which certain closing conditions must be met.

As consideration for Titan entering into the Amending Agreement and agreeing to extend the various dates set forth therein, Conavi has agreed to advance \$109 to Titan as a deposit for direct and incremental expenses Titan may incur as a result of the extension to a maximum of \$109.

Accrued contractual dispute

On March 29, 2024, Titan has reached a settlement agreement in connection with a dispute with a contract manufacturer ("Contractor"). Under the terms of the settlement, Titan has agreed to pay the Contractor an aggregate of \$2,000, with the final installment payment to be made on or before June 24, 2024. The full amount of the settlement was provided for as of December 31, 2023 and two \$1,000 payments were made on March 29, 2024 and June 24, 2024, respectively.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2024 and for three and nine months ended September 30, 2024 and 2023 (Unaudited)

(in thousands of US dollars, except share and per share amounts, unless otherwise stated)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company leases its facility in Chapel Hill, North Carolina. This lease has remaining lease terms of approximately 1.75 years as of September 30, 2024. The Company leased a facility in Toronto, Ontario for its corporate office. The Company does not have leases with residual value guarantees, or leases not yet commenced to which the Company is committed. Lease liabilities have been measured by discounting future lease payments using the Company's incremental borrowing rate of 6.0% as rates implicit in the leases were not readily determinable.

As a result of the limited ongoing development work following the Strategic Review announced in December 2022 and the Strategic Transition in the Company's business from the development and commercialization of RAS technologies to evaluating new opportunities to further develop and license its IP announced in May, 2023, the Company determined there to be an indicator of impairment for the carrying value of its ROU assets and Property, Plant and Equipment and recognized an impairment charge of \$2,316 representing the entirety of its carrying value as of December 31, 2022.

The following table summarizes the Company's right-of-use liabilities outstanding at September 30:

	2024	2023
	\$	\$
Balance, January 1	1,323	1,709
Interest expense	96	132
Repayments	(430)	(305)
Buyout of lease obligations	(174)	-
Balance, September 30	815	1,536
Current	436	450
Non-current	379	1,086
Balance, September 30	815	1,536

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.

In 2023, the Company entered into a sub-lease agreement to sublease one of its eight suites at the Chapel Hill facility. The Company recognized interest income on finance lease receivables of \$3 and \$11 for the three- and nine-month periods ended September 2024.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received:

	September, 2024
	\$
Within 1 year	72
1 to 2 years	56
Total undiscounted lease receivable	128
Unearned finance income	(12)
Lease receivable discounted	116
Current	60
Non-current	56
Balance, September 30	116

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2024 and for three and nine months ended September 30, 2024 and 2023 (Unaudited)

(in thousands of US dollars, except share and per share amounts, unless otherwise stated)

6. WARRANT DERIVATIVE LIABILITY

Warrants with an exercise price denominated in a currency that differs from an entity's functional currency are treated as a derivative, initially measured at fair value, with subsequent changes in fair value at each reporting period end recognized through consolidated statement of net and comprehensive loss. As these warrants are exercised, the fair value at the date of exercise and the associated non-cash liability will be included in our share capital along with the proceeds from the exercise. If these warrants expire, the non-cash warrant liability is reversed through the consolidated statement of net and comprehensive loss. There is no cash flow impact as a result of the accounting treatment for changes in the fair value of the warrant derivative or when warrants expire unexercised. The warrant derivative is a recurring Level 2 fair value measurement as these warrants have not been listed on an exchange and therefore do not trade on an active market. We use the Black-Scholes valuation model to estimate fair value.

	Number of Warrants Outstanding	Fair Value of Warrant Derivative
As at December 31, 2023	338,235	-
Expired March 21, 2024	(338,235)	-
As at September 30, 2024	--	-

	Number of Warrants Outstanding	Fair Value of Warrant Derivative
As at December 31, 2022	656,500	375
Expired	(318,265)	
Items that were classified to net loss:		
Change in fair value	--	(375)
As at September 30, 2023	338,235	--

As at September 30, 2023, the following derivative warrants were outstanding:

Issue Date	Expiry Date	Exercise Price	Currency	Number Issued	Number Outstanding
		\$			
21-Mar-19	21-Mar-24	98.75	USD	338,235	338,235
Balance at September 30, 2023				338,235	338,235

7. SHARE CAPITAL

Authorized: Unlimited number of no par value common shares. 4,561,594 common shares issued and outstanding as of September 30, 2024 (4,561,594 as of December 31, 2023).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2024 and for three and nine months ended September 30, 2024 and 2023 (Unaudited)

(in thousands of US dollars, except share and per share amounts, unless otherwise stated)

8. CONTRIBUTED SURPLUS-WARRANT RESERVE

The Company issued 387,660 warrants pursuant to the equity offerings closed in January and February of 2021. Each warrant entitled the holder to purchase one common share at a fixed price, these warrants were classified as equity under IAS 32. These equity warrants expire between January 26, 2023 and November 6, 2025 and are not revalued at each reporting period.

	Equity Warrants	Average exercise price	Warrant Reserve
		\$	\$
Balance at January 1, 2024	157,328	45.25	3,205
Expired:			
June 2020 Equity Offering-broker warrants	(25,735)	31.25	(430)
Balance at September 30, 2024	131,593	47.75	2,775

As at September 30, 2024, the following equity warrants were outstanding:

Issue Date	Expiry Date	Exercise Price	Currency	Number Issued	Number Outstanding
		\$			
27-Mar-20	27-Mar-25	5.31	USD	6,174	3,724
06-May-20	06-Nov-25	11.33	USD	5,018	2,934
26-Jan-21	26-Jan-26	50.00	USD	148,387	124,935
Balance at September 30, 2024				159,579	131,593

9. SHARE-BASED COMPENSATION

The Company's share-based compensation plans include stock options and Restricted Share Units ("RSU"). The Company has reserved up to 15% of the issued and outstanding Common Shares for the granting of stock options and RSUs to eligible Employees, Officers, Directors and external consultants.

On September 30, 2024, the shareholders voted in favor of the previously announced business combination between Conavi and the Corporation in an all-stock transaction, which constituted a reverse takeover of the Corporation. Under the Share Unit and Stock Option Agreement, all unvested awards shall vest immediately upon the Change of Control provision defined in both agreements.

Common shares outstanding, September 30, 2024	4,561,594	
Maximum shares available for issuance: 15%		684,239
Stock options outstanding, September 30, 2024		(83,801)
RSU outstanding, September 30, 2024		(145,989)
Shares available for future grants		454,449

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2024 and for three and nine months ended September 30, 2024 and 2023 (Unaudited)

(in thousands of US dollars, except share and per share amounts, unless otherwise stated)

(a) Stock Options

The Company granted stock options to acquire Common Shares through our stock option plan of which the following are outstanding as September 30:

	2024		2023	
	Stock Options	Weighted Average Exercise Price	Stock Options	Weighted Average Exercise Price
		\$		\$
Balance, January 1	174,770	22.50	341,230	21.75
Forfeited	(90,969)	27.75	(157,776)	20.75
Expired	-	-	(189)	18.75
Balance, September 30	83,801	16.50	183,265	22.75

Forfeiture of unvested stock options are related to terminated employees which resulted in a stock-based compensation recovery.

(b) Restricted Share Units

The Company granted RSUs to Officers and Directors through our incentive share award plan. Grants of RSUs to Directors vest either immediately or on the date of the next Annual General Meeting. Grants of RSUs to Officers vest over a four-year period. The following RSUs are outstanding at September 30:

	2024	2023
Balance at Jan 1	150,034	321,549
Granted	-	323
Exercised	-	(66,998)
Forfeited	(4,045)	(59,034)
Balance, September 30	145,989	195,840

Forfeiture of unvested RSUs are related to terminated employees which resulted in a stock-based compensation recovery.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2024 and for three and nine months ended September 30, 2024 and 2023 (Unaudited)

(in thousands of US dollars, except share and per share amounts, unless otherwise stated)

(c) Stock-Based Compensation

On September 30, 2024, the shareholders voted in favor of the previously announced business combination between Conavi and the Corporation in an all-stock transaction, which constituted a reverse takeover of the Corporation. Under the Share Unit and Stock Option Agreement, all unvested awards shall vest immediately upon the Change of Control provision defined in both agreements. As a result, the Company recognized all remaining RSU and Stock option expense in the three-month period ended September 30, 2024.

The following table shows the stock-based compensation expense.

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	\$	\$	\$	\$
Stock options	174	(40)	(135)	507
RSUs	355	248	585	901
G&A - Stock options & RSUs	529	208	450	1,408
Stock options	-	(16)	(76)	(518)
RSUs	-	32	(29)	132
R&D - Stock options & RSUs	-	16	(105)	(386)
Share-based compensation expense	529	224	345	1,022

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2024 and for three and nine months ended September 30, 2024 and 2023 (Unaudited)

(in thousands of US dollars, except share and per share amounts, unless otherwise stated)

10. (LOSS) INCOME PER SHARE

Basic (loss) income per share is calculated by dividing net (loss) income by the weighted average number of common shares outstanding during the year. Fully diluted loss (income) per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential dilutive securities to common shares.

The Company has stock options, warrants and RSUs as potentially dilutive securities. Fully diluted net (loss) income per share excludes all potentially dilutive securities if their effect is anti-dilutive.

	Three Months ended September 30,		Nine Months ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net (loss) income	(\$1,822)	\$68	(\$3,694)	\$10,753
Denominator:				
Weighted average number of common shares - basic EPS	4,561,594	4,528,522	4,561,594	4,512,662
Adjustment for diluted securities	-	635,794	-	635,794
Weighted average number of common shares - diluted EPS	4,561,594	5,164,316	4,561,594	5,148,456
Basic (loss) income per share	(\$0.40)	\$0.02	(\$0.81)	\$2.38
Fully diluted (loss) income per share	(\$0.40)	\$0.01	(\$0.81)	\$2.09

11. FINANCIAL RISK MANAGEMENT

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instruments that expose the Company to credit risk are receivables. As at September 30, 2024, the Company's receivables are all collectible from the Canadian Government. As such, the credit risk is negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company manages this risk by managing its capital structure through continuous monitoring of its actual and projected cash flows. As at September 30, 2024, the Company had cash of \$3,023 (December 31, 2023 – \$7,543) to settle current liabilities of \$1,458 (December 31, 2023 - \$3,121).

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

Interest Rate Risk

The financial instruments that expose the Company to interest rate risk are its cash. The Company's objectives of managing its cash is to ensure sufficient funds are maintained on hand at all times to meet day-to-day requirements and to place any amounts that are considered in excess of day-to-day requirements on short-term deposit with the Company's banks so that they earn interest. When placing amounts of cash into short-term investments, the Company only places investments with Canadian chartered banks or insurance companies and ensures that access to the amounts placed can be obtained on short notice. A one percent increase/decrease in interest rates would not have resulted in a material increase/decrease in interest income/expense during the three months ended September 30, 2024.

Currency Risk

The Company's operating results are subject to changes in the exchange rate of the foreign currencies (primarily Canadian dollar) relative to the US dollar. Any decrease in the value of the Canadian dollar relative to the US dollar has a favourable impact on Canadian dollar denominated operating expenses. A nominal amount of the Company's cash and short-term investments are denominated in Canadian dollars and are subject to changes in the exchange rate of the Canadian dollar relative to the US dollar.

12. 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 of 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 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.

13. SUBSEQUENT EVENT

On October 11, 2024, the Company completed the previously announced business combination between Conavi and the Corporation in an all-stock transaction, which constituted a reverse takeover of the Corporation. 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.

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.

All outstanding share and warrant data and disclosure concerning share-based compensation plans including stock options and RSUs set forth herein is on a post-Consolidation basis.

In connection with the completion of the Transaction, the officers and Board of Directors of the Corporation 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.