Conavi Medical Inc
Management's Discussion and Analysis
For the financial years ended September 30, 2024, and 2023
December 17th, 2024
In thousands of Canadian dollars unless otherwise noted

This management's discussion and analysis ("MD&A") of financial position and results of operations of Conavi Medical Inc. ("Conavi" or the "Company") is prepared for the years ended September 30, 2024, and September 30, 2023. This MD&A is supplemental to the Company's audited consolidated financial statements for the years ended September 30, 2024, and September 30, 2023 (the "Financial Statements"). The audited financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "estimates", "intends", "anticipates", or "believes", or variations or negatives of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of Conavi or the Resulting Issuer to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking information.

Examples of such statements include: the perceived benefits of the Transaction; use of proceeds of the Transaction and requirements for additional capital; the potential benefits of Conavi's products on patient care, long-term outcomes for patients and healthcare costs; future results of current and anticipated products; business strategy of Conavi; prospective products of Conavi; Conavi product approvals; third-party reimbursement of Conavi's products; the effect of the Transaction on the Resulting Issuer and its business; the nature of the Resulting Issuer's operations following the completion of the Transaction; sources of income of Conavi and the Resulting Issuer; certain combined operational and financial information; the Resulting Issuer's business and business outlook following the completion of the Transaction; the Resulting Issuer's proposed budget and use of funds; compensation to be paid to the directors and officers of the Resulting Issuer; plans and objectives of management for future operations; forecasts of capital expenditures and general and administrative expenses; future results of operations and financial position; expectations regarding the ability to raise capital; fluctuations in currency exchange rates; anticipated income taxes; and anticipated operational and financial performance.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained herein. Conavi and the Resulting Issuer have based these forward-looking statements largely on their respective current expectations and projections about future events and financial trends that may affect Conavi or the Resulting Issuer's business, financial condition and results of

operations. These forward-looking statements speak only as of the date hereof and are subject to a number of risks, uncertainties and assumptions. Those assumptions and factors are based on information currently available to Conavi and the Resulting Issuer, including information obtained from third-party industry analysts and other third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this document in connection with the statements or disclosure containing the forward-looking information. The following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to: the ability of the Resulting Issuer and Conavi to obtain necessary financing, successfully integrate Titan and Conavi and manage risks; experience no material changes in the legislative and operating framework for the business of Conavi and Titan, as applicable experience no material adverse changes in the business of either or both of Conavi and Titan; the realization of the anticipated benefits and other synergies and cost savings of the Transaction; risks regarding the integration of the businesses of each of Titan and Conavi;; the current industry, market and economy generally; and in respect of the Resulting Issuer, there being no significant disruptions affecting the ability to carry on business, whether due to COVID-19, labour disruptions, unanticipated expenses, operational or technical difficulties, risks of obtaining and renewing necessary licenses and permits, supply disruptions or otherwise.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond Conavi's or the Resulting Issuer's control, readers should not rely on these forward-looking statements as predictions of future events. Such risks include, but are not limited to:

- the timing, progress, and results of any current or future products Conavi or the Resulting Issuer may develop;
- undesirable effects or other properties relating to the products candidates of Conavi or the Resulting Issuer that could delay or prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences following any potential marketing approval;
- the ability of the Resulting Issuer to establish or maintain future collaborations or strategic relationships or obtain additional funding;
- failure of the Resulting Issuer to demonstrate safety and efficacy of the products to the satisfaction of applicable regulatory authorities;
- the ability of the Resulting Issuer to obtain and maintain regulatory approval of the Novasight Hybrid System, and any other future products, and any related restrictions, limitations and/or warnings in the label of an approved product candidate;
- the intellectual property position of Conavi or the Resulting Issuer, including the scope of protection established and maintained for intellectual property rights covering the Novasight Hybrid System, and any additional products the Resulting Issuer may develop, and the Resulting Issuer’s ability not to infringe, misappropriate, or otherwise violate any third-party intellectual property rights;
- the ability and the potential of the Resulting Issuer to successfully manufacture products for commercial use;

- the ability of the Resulting Issuer to successfully generate revenues or establish a consumable-based revenue model;
- the ability of the Resulting Issuer to commercialize products in light of the intellectual property rights of others;
- the ability of the Resulting Issuer to obtain funding for operations, including funding necessary to complete further development and commercialization of product candidates;
- the plans of the Resulting Issuer to research, develop, and commercialize products;
- the ability of the Resulting Issuer to attract collaborators with development, regulatory, and commercialization expertise;
- the size and growth potential of the markets for product candidates and the Resulting Issuer's ability to serve those markets;
- the size and growth potential of the Resulting Issuer and the ability of the Resulting Issuer to effectively manage that growth;
- the rate and degree of market acceptance and clinical utility of the Novasight Hybrid System, and any future products, if approved;
- the pricing and reimbursement of the Novasight Hybrid System, and any future products, if approved;
- regulatory developments in the United States, Canada and foreign countries; the ability of the Resulting Issuer to comply with applicable state healthcare and health information privacy and security laws;
- the ability of the Resulting Issuer to contract with third-party suppliers and manufacturers and their ability to perform adequately;
- the success of competing solutions that are or may become available;
- the ability of the Resulting Issuer to retain the continued service of key professionals and to identify, hire, and retain additional qualified professionals;
- the accuracy of the estimates regarding expenses, future revenue, capital requirements, and needs for additional financing;
- the liquidity of the Resulting Issuer Shares and volatility in the market price; and
- the impact of laws, regulations and legislative reform.

The factors identified above are not intended to represent a complete list of the factors that could affect Titan, Conavi, or the Resulting Issuer. Additional factors are noted under the heading "*Risk Factors*" in this document and in the Circular.

Should one or more of these risks or uncertainties materialize or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking information contained in this Information Circular. These factors should be carefully considered, and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Information Circular. All subsequent forward-looking information attributable to Conavi or the Resulting Issuer herein is expressly qualified in its entirety by the cautionary statements contained or referred to herein. Conavi and the Resulting Issuer do not undertake any

obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this document or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Closing of deal with Titan and $10,636 Concurrent Financing

On October 11th, 2024 Conavi completed a business combination with Titan Medical Inc., and on October 8th, 2024 closed a $10,636 concurrent financing (refer to "Subsequent Events", "Closing of deal with Titan" and "Closing of $10,636 Financing."

This MD&A has been prepared with reference to National Instrument 51-102 – Continuous Disclosure Obligations. Additional information related to Conavi, including the joint information circular of Conavi and Titan dated August 30, 2024, pertaining to the Transaction (the "Circular"), is available via SEDAR+ at www.sedarplus.ca.

This MD&A should be read in conjunction with the Financial Statements and the Circular.

BUSINESS OVERVIEW

Conavi (TSXV: CNVI) is focused on designing, manufacturing, and marketing imaging technologies to guide common minimally invasive cardiovascular procedures. Its patented Novasight Hybrid™ System is the first system to combine both intravascular ultrasound ("IVUS") and optical coherence tomography ("OCT") imaging methods to enable simultaneous and co-registered imaging of coronary arteries. The Novasight Hybrid System (the "Novasight Hybrid System") has 510(k) clearance from the U.S. Food and Drug Administration (the "FDA"); and regulatory approval for clinical use from Health Canada, China's National Medical Products Administration, and Japan's Ministry of Health, Labor and Welfare.

Conavi was incorporated as Colibri Technologies Inc. in November 2007. The Company was founded by a team of clinicians and researchers based on intellectual property developed at Sunnybrook Health Sciences Centre ("Sunnybrook") in Toronto. In June 2008, the Company entered into an agreement with Sunnybrook (the "Sunnybrook Technology Licensing Agreement") for the exclusive rights (globally, and for all fields of use) to the key enabling aspects of its unique solution to hybrid IVUS/OCT imaging technology. Pursuant to the Sunnybrook Technology Licensing Agreement, Conavi agreed to pay a royalty on direct sales and a royalty on sales through distributors and a sublicensing fee, as applicable.

The Novasight Hybrid System

The first generation of the Novasight Hybrid system received US FDA 510(k) clearance in April 2018. At that time, the Company was unable to undertake a meaningful commercialization effort in the United States, due to a lack of resources and because it had obligations to strategic partners in other jurisdictions. Commercialization was further delayed due to the COVID-19 pandemic, which impacted procedural volumes and prevented Company

representatives from physically entering the hospital to support procedures. In late 2021, Conavi resumed marketing the Novasight Hybrid system in North America, with a focus on the United States. Between late 2021 and October 2022, the system was used at five luminary academic sites in the United States, along with Sunnybrook Health Sciences Centre in Toronto. The clinical response was positive, however, the Company recognized that the manufacturability and performance of the first generation of the Novasight Hybrid system was not suitable for broad market adoption in the United States. Based on this clinical feedback, Conavi made certain changes and iterations to the first-generation version of the Novasight Hybrid system ("Novasight 2.0"). Novasight 2.0 has been used at a select number of sites in order to gain further feedback.

The Company is now exclusively focused on finalizing the development of the next generation Novasight Hybrid system ("Novasight 3.0"), intended to be a best-in-class hybrid IVUS/OCT intravascular imaging system. The Company intends for this next-generation system to offer the following features:

1. State of the art image quality - Conavi believes that its hybrid IVUS/OCT image quality must be at least as good as the highest quality standalone widely used competitors. Novasight 3.0 will offer high definition IVUS in the range of 60 MHz and improved OCT imaging depth relative to the current system;
2. Enhanced ease-of-use – Minimally invasive cardiovascular procedures are complex and involve many different tools and technologies, and therefore it is critical that this device easily and efficiently fit into the clinical workflow. Development of Novasight 3.0 is focused on user comfort such as removing the PIM (the connector between catheter and console) from the sterile field and other workflow enhancements such as a bedside controller;
3. Excellent catheter deliverability – Intravascular imaging catheters are inserted over guidewires and through guide catheters and advanced to the region of interest. Ideally, an intravascular imaging catheter should be able to able to navigate distal vessels, torturous anatomy, and cross difficult lesions (including the ability to cross stents). Novasight 3.0 will feature a redesigned catheter shaft and monorail to improve deliverability. It is also being designed to be 5F (1.67 mm) guide catheter compatible for IVUS-only use, whereas the current system is only 6F (2 mm) guide catheter compatible. Use of a smaller guide catheter (through which the guide wire, intravascular imaging catheter, and other catheters are inserted) is preferrable for smaller patients; and,
4. Robust performance and manufacturing – Intravascular imaging systems are inherently complex consisting of hardware, software, mechanical and electrical components, which must seamlessly function together. Development of Novasight 3.0 has focused on ensuring that it is appropriately robust and reliable and does not require servicing or repairs beyond what is standard and allowable. It is also important that the system be designed such that it is manufacturable at scale at an attractive gross margin, without custom or difficult to source components, overly tight tolerances, and specialized manual assembly skills. Novasight 3.0 is being developed with these considerations in mind.

Novasight 3.0 Development Timelines

The development of Novasight 3.0 has been a joint effort involving Conavi's internal Research & Development team along with well-known medical device contract engineering groups and specialized suppliers. On November 21, 2022, Conavi entered into an INOVAIT Ultimate Recipient Agreement with Sunnybrook and Dr. Brian Courtney pursuant to which the parties are collaborating to develop certain elements of the system and such development will be funded by the INOVAIT program (https://inovait.ca/).

An alpha prototype of Novasight 3.0 was completed and tested in Q4 2023. Beta prototypes of the console have been manufactured and tested, and a design freeze is expected around the end of calendar 2024. Following this, both the console and catheter will undergo design verification testing with a system-level engineering confidence test. System-level design verification testing is due to take place thereafter, and assuming all is in order, a 510(k) submission to the FDA is expected by around the middle of calendar 2025. The FDA submission of Novasight 3.0 submission will be for intravascular imaging of the coronary arteries indicated in patients who are candidates for transluminal interventional procedures.

Most third-party contract engineering costs associated with the development of Novasight 3.0 are anticipated to be incurred by the end of calendar 2024. At this time, Conavi believes it has retired nearly all key technical risks.

Whereas the current version of the Novasight Hybrid System is manufactured by Conavi, it is anticipated that the production of Novasight 3.0 will be outsourced, although, Conavi will likely manufacture certain sub-components for which it has proprietary know-how.

Proprietary Protection

Although IVUS and OCT are established technologies, the combination of both modalities onto a single system is novel. Conavi has developed novel means to manufacture low profile minimally invasive imaging devices and systems to support them.

Conavi was spun-out of Sunnybrook, and as part of the Sunnybrook Technology Licensing Agreement, has exclusive rights (globally, and for all fields of use) to the key enabling aspects of its unique solution to hybrid IVUS/OCT imaging technology. Pursuant to the Sunnybrook Technology Licensing Agreement, Conavi has agreed to pay a royalty on direct sales and a royalty on sales through distributors and a sublicensing fee, as applicable. The core patent for the Novasight Hybrid System was filed in 2008, being US8784321, plus B-17 a Continuation from this patent being US11147452 (International filing WO2008086613A1). In the primary market (the United States), this patent expires in 2030. In other jurisdictions, the patents expire in 2028.

Additional IP relevant to the hybrid imaging technology has been filed to further support this product application:

- Co-ordination of imaging with blood clearing apparatus (expiration 2031-2032) (Patent US9076202. Patent USRE49218E1)
- Means for reducing rotational distortion (expiration 2032) (Patent US9039626 and Continuation US10729376)
- Improvements in image quality by detecting and compensating for external noise (expiration 2038) (Patent US10482582, and Continuations US10902564, US11538137 and 11769230)
- Application specific catheters with imaging cores (expiration 2038) (Patent US11051761)

Conavi also has rights to IP in other strategic areas including but not limited to:

- Scanning mechanisms enabling forward viewing imaging (Patent US8214010, Continuation in part US8460195, Continuations US9375147, US10667785, and US11523800)
- Low profile tilt angle detection in imaging probes (Patent US9700280, Continuations US10390791 and US11364009)
- Assembly of low-profile imaging catheters with functional elements embedded in shafts (Patent US11317891)
- 3D display and processing (Patent US9786056 and Continuation US10699411)

Additional IP filing is planned around novel methods of fabricating and assembling imaging cores, as well as means of improving clinical workflows.

Conavi has a long-standing relationship with the firm Hill and Schumacher for assistance with developing and filing IP, as well as advice on prosecution and strategy.

Conavi's strategy has been to file all patents in the United States, with additional jurisdictions being considered in proportion to expected value in additional markets. Core patents are also filed in Japan, China, Europe, South Korea, India, Canada, Australia, and New Zealand. Overall, Conavi has proprietary protection on 15 patent families with 102 issued patents including continuations and divisional filings.

In addition to protection via patent and trademark protection, Conavi takes measures to protect key knowhow and trade secrets. All source code for software and firmware is hosted on physical servers that are located on-premises. These are protected via a firewall blocking all external traffic, except for VPN using multi-factor authentication. Access to source code is granted on an as-needed basis. Each source file has a copyright / confidential notice within it. During development, for suppliers that may produce custom components that include trade secrets, a non-disclosure agreement is executed prior to sharing designs / ordering components. For development efforts where it is anticipated protectable IP may be generated, an IP assignment agreement is put in place.

Novasight, Novasight Hybrid, Conavi (stylized), and its logo are registered trademarks in the United States and other jurisdictions. Trademark matters are handled by Marks & Clerk.

As part of the technology transfer and licensing agreement with East Ocean Medical (Hong Kong) Company Limited ("EOM"), source code and other aspects of our software were retained to prevent unauthorized development, manufacturing, or commercialization.

Activities in China

In November 2017, Conavi and East Ocean Medical (Hong Kong) Company Limited ("EOM") had entered into a distribution agreement to enable EOM to supply the Novasight Hybrid system in China, Hong Kong, Taiwan, and Macau. In August 2023, East Ocean Medical also received approval for the Novasight Hybrid system from the National Medical Products Administration (NMPA) in China. First shipments to China to support clinical use started in October 2023.

In June 2021, Conavi entered into a technology transfer and licensing agreement with East Ocean Medical (Hong Kong) Company Limited ("EOM") to enable it to develop and manufacture a version of the Novasight Hybrid system for sale exclusively in China. Domestically manufactured products tend to benefit from more favourable reimbursement in China. EOM is an affiliate of China Grand Pharmaceutical Group (SEHK: 512). EOM intends to market its domestic version of the system alongside the Conavi version, with the latter being positioned towards a select number of top-tier academic hospitals.

In consideration for the license, EOM is required to make milestone payments (prior to product approval in China) on successful completion of milestones and then a royalty per sale (after product approval in China). EOM will pay to Conavi Medical certain tiered royalty payments, ranging from 5.0%-10.0% of 75.0% of amounts invoiced to EOM coronary imaging system customers, provided that EOM shall pay a minimum nonrefundable annual royalty of US $250,000, which shall be creditable against the royalties otherwise due.

To date, $10,703 in milestone payments have been made to Conavi which have been used to fund the repurchase of the Class E Preferred Shares. EOM also purchases certain components from Conavi at a mark-up which are used in the development and manufacture of its domestic product.

After fiscal year-end, EOM received approval from the NMPA for a version of the Novasight Hybrid system. This resulted in a milestone fee of $5,912 USD which was used to fund the repurchase of a promissory note owing to EOM (see "*Subsequent Events*").

Recent Financings

In November 2021, the Company announced a preferred share financing and received proceeds from the first tranche of $13,928 during the year ended September 30, 2022. During the year ended September 30, 2023, the Company announced a further preferred share financing and received proceeds from the second tranche of the November 2021 preferred share financing for a total of $31,273. Between May and August 2024, the Company raised gross proceeds of $8,194 in the form of convertible notes.

On October 11th, 2024, the Company completed the Transaction with Titan Medical. On October 8th, 2024, the resulting issuer completed a concurrent private placement of subscription receipts ("Subscription Receipts") for gross proceeds of $10,636.

SUMMARY OF KEY DEVELOPMENTS IN FISCAL YEAR 2024

In March 2024, a meta-analysis of 22 randomized clinical trials involving almost 16,000 patients was published demonstrating that the use of intravascular imaging (either intravascular ultrasound or optical coherence tomography) in coronary interventions significantly lowered the risks of death, myocardial infarction (heart attack) and other adverse events relative to angiography-guidance alone. (The Lancet, Volume 403, Issue 10429, 824 – 837)

In April 2024, the Company rolled out an updated version of the Novasight 2.0 system based on the improvements that were finalized in May 2024. The improved system was used at new sites in the United States and received positive feedback from clinicians.

In April 2024, the Company received the second tranche of funding of $850 as part of a conditional grant agreement with the Province of Ontario.

Between May and August 2024, the Company raised gross proceeds of $8,194 in the form of convertible notes.

In fiscal year 2024, Conavi shipped a total of 540 catheters and 10 consoles to China for clinical use as part of its distribution agreement with EOM. EOM sold and installed a system at one of the top cardiac care hospitals in China.

In August 2024, the *European of Society of Cardiology* upgraded its clinical guidelines to level IA whereby "intravascular imaging guidance by intravascular ultrasound ("IVUS") or optical coherence tomography ("OCT") is recommended when performing percutaneous coronary interventions (PCI) on anatomically complex lesions." There is a belief in the clinical community that the United States will follow in due time.

By September 2024, the Company completed certain benchtop and animal experiments with a fully assembled Beta version of the Novasight 3.0 system. As part of this, certain key technical risks were retired, and the Company could progress towards a design freeze, which is followed by design testing and other activities required as part of a future submission to the U.S. Food and Drug Administration.

SUBSEQUENT EVENTS

Closing of deal with Titan

On March 17, 2024, the Company entered into a definitive amalgamation agreement (as amended, the "Amalgamation Agreement") with Titan Medical Inc. ("Titan") to combine the companies in an all-stock transaction. The combined company (the "Resulting Issuer") will focus on continuing to commercialize the Novasight Hybrid System designed to guide common minimally invasive coronary procedures.

Under the terms of the Amalgamation Agreement, on October 11, 2024, 1000824255 Ontario Inc., a wholly-owned subsidiary of Titan, amalgamated with Conavi and Conavi shareholders received common shares of Titan (the "Combined Entity Shares"). This transaction (the "Transaction") constitutes a reverse takeover of Titan and was carried out subject to the terms and conditions outlined in the Amalgamation Agreement.

The Transaction closed on October 11, 2024 and was approved by the TSX Venture Exchange (the "TSXV"), as well as the shareholders of Conavi and Titan. In connection with closing of the Transaction, Titan changed its name to Conavi Medical Corp. In connection with the Transaction, Titan delisted its common shares from the Toronto Stock Exchange on October 15, 2024 (the "TSX") and commenced trading on October 16, 2024 on the TSXV under the new symbol "CNVI". Conavi Medical Corp. has been classified by the TSXV as a Tier 2 Technology issuer.

Immediately prior to the closing of the Transaction, Titan completed a share consolidation on the basis of 1 post-consolidation common share of Titan for each 25 pre-consolidation common shares of Titan. In addition, immediately prior to the closing of the Transaction, Conavi completed a share consolidation on the basis of 1 post-consolidation share of Conavi for approximately each 1.34927 pre-consolidation shares of Conavi. Further, immediately prior to the closing of the Transaction, all outstanding preferred share warrants of Conavi (for greater certainty, other than those underlying Conavi subscription receipts and Conavi convertible notes), were exercised for nominal consideration, and all of Conavi's preferred shares were converted to Conavi common shares. Each Class A-2 Preferred Share (on a post-Conavi consolidation basis) converted into one Conavi common share, and taking into account anti-dilution adjustments to the conversion terms of Conavi's preferred shares, each Class B-1 Preferred Share and Class B-3 Preferred Share of Conavi (on a post-Conavi consolidation basis) converted into approximately 1.840 Conavi common shares (based on a post-Conavi consolidation conversion price of approximately US$2.992 per share), each Class B-2 Preferred Share of Conavi (on a post-consolidation basis) converted into approximately 1.658 Conavi common shares (based on a post-Conavi consolidation conversion price of approximately US$2.324 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 (on a post-Conavi consolidation basis) into Conavi common shares at a price per share of approximately US$2.082.

Conavi's outstanding secured convertible notes also converted into Conavi common shares and common share warrants (such warrants bearing the same terms as the warrants underlying the subscription receipts as described

below), immediately prior to completion of the Transaction and post-Conavi consolidation, as follows: (i) US$4,999,622 principal amount of the 18% secured convertible notes plus accrued interest at a rate of 18% per annum up to September 30, 2024 were converted into the same common shares and warrants of Conavi as those underlying Conavi subscription receipts, at a conversion price based on a 40% discount to the US$1.00 issue price per Conavi subscription receipt and (ii) US$1,000,000 principal amount of the 10% secured convertible notes plus accrued interest at rate of 10% per annum up to September 30, 2024 were converted into the same common shares and warrants of Conavi as those underlying Conavi subscription receipts, at a post-consolidation conversion price equal to the US$1.00 issue price per Conavi subscription receipt.

Conavi shareholders received 39,542,499 post-consolidation common shares of Titan (7,152,841 of which were issued to former holders of Conavi subscription receipts), resulting in the reverse takeover of the Corporation by Conavi. Conavi shareholders received common shares of Titan based on an exchange ratio of approximately 0.92542 post consolidation common shares of Titan for each post-consolidation common share of Conavi. Conavi warrant holders (such warrants of Conavi representing the warrants issued on conversion of the Conavi subscription receipts and Conavi convertible notes, as well as broker warrants issued as agent compensation in connection with the Offering described below) and the holders of in-the-money Conavi stock options also exchanged their warrants and stock options of Conavi for post-consolidation warrants and stock options of Titan (based on the foregoing exchange ratio, and also subject to the Conavi consolidation in the case of Conavi stock options), with proportionate adjustments being made to exercise prices.

Pursuant to the Transaction, the Resulting Issuer issued 16,259,406 warrants ("Resulting Issuer Warrants") to purchase common shares of the combined company to the former warrant holders of Conavi, of which 32,693 were issued in exchange for broker warrants issued in the Offering ("Resulting Issuer Broker Warrants"). All the Resulting Issuer Warrants are exercisable at a price of US$1.35 per share until October 11, 2029, except the Resulting Issuer Broker Warrants are exercisable at a price of US$1.08 per share until October 11, 2026.

In connection with the Transaction, the Resulting Issuer has adopted a new Omnibus Equity Incentive Plan. There are 8,850,017 Resulting Issuer Shares reserved for issuance under the Omnibus Equity Incentive Plan and all other securities-based compensation plans of the Resulting Issuer, being 20% of the total issued and outstanding Resulting Issuer Shares.

After giving effect to the Transaction, the following securities of the Resulting Issuer are issued and outstanding as of closing of the Transaction: (i) 44,250,086 Resulting Issuer common shares (“Resulting Issuer Shares”) (of which approximately 4,561,592 Resulting Issuer Shares (being approximately 10% of the outstanding Resulting Issuer Shares) are held by the holders of pre-consolidation, pre-Transaction common shares of Titan Medical Inc.); (ii) 16,390,999 Resulting Issuer warrants to purchase Resulting Issuer Shares; and (iii) 264,870 Resulting Issuer Options.

Closing of $10,636 concurrent financing

On October 8, 2024, the Company completed a private placement of subscription receipts ("Subscription Receipts") for gross proceeds of $10,636 (US$7.7 million) (the "Offering"). Pursuant to the Offering, the Company 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 Conavi subject to certain conditions (which common shares and common share purchase warrants were immediately exchanged for common shares and common share purchase warrants of the Resulting Issuer based on an Exchange Ratio of approximately 0.92542 as described above). An aggregate of 7,152,841 Resulting Issuer shares and 7,152,841 Resulting Issuer warrants were issued upon conversion of the Subscription Receipts on the completion of the Transaction with Titan.

The proceeds from the Offering, less certain expenses, were placed into escrow on completion of the Offering. The escrowed proceeds from the Offering, less the commission of the agent and certain fees and expenses was released from escrow to Conavi further to the closing of the Transaction.

Other

Subsequent to the year-end, on December 6, 2024, the China NMPA approved EOM's coronary imaging system which triggers a fourth and final milestone payment by EOM to Conavi.

The Company will use the total proceeds of the milestone payment to repurchase the outstanding principal plus accrued interest balance in respect of a promissory note owing to EOM. The balance of this promissory note including accrued interest is approximately $7,310 as at September 30, 2024.

In December 2024, the Company was near to finalizing a design freeze for Novasight 3.0 and initiating design testing. The decision was made to shift substantially all the Company's resources towards Novasight 3.0.

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial information as at September 30, 2024, and 2023 and for the years ended September 30, 2024 and 2023, (fiscal years 2024 and 2023) have been derived from the audited consolidated financial statements and should be read in conjunction with those audited consolidated financial statements and related notes.

	2024	**2023**
	$	**$**
Licensing revenue	135	1,954
Product Revenue	2,026	410
Total revenue	2,161	2,364
Cost of sales	2,108	964
Operating expenses	26,286	23,025
Net finance costs	8,079	4,462
Change in fair value of secured notes	9,303	-
Net loss*	43,615	26,087
Basic and diluted loss per share**	7.08	4.24
Total assets	8,561	24,820
Total non-current financial liabilities	61,115	53,128

* Includes change in fair value of 18% secured convertible note and 10% secured convertible note

** Expressed in Canadian dollars per share.

RESULTS OF OPERATIONS

The following is a discussion of the results for the year ended September 30, 2024, as compared to the year ended September 30, 2023:

	Year-ended September 30	
	2024	**2023**
Licensing revenue	$ 135	$ 1,954
Product revenues	2,026	410
Cost of sales	2,108	964
Gross profit	53	1,400
Research and development	17,940	15,204
General and administrative	7,073	6,303
Depreciation and amortization	987	1,291
Other expenses	286	227
Operating loss	26,233	21,625
Net finance costs	8,079	4,462
Change in fair value of 18% secured convertible note	8,835	—
Change in fair value of 10% secured convertible note	468	—
Net loss	43,615	26,087
Basic and diluted loss per common share	$ $ 7.08	$ $ 4.24

Years ended September 30, 2024, and 2023

For the year ended September 30, 2024, the Company recorded a loss of $43,615, an increase of $17,528 compared to a loss of $26,087 in the prior year. This is primarily attributable to a negative change in fair value on the secured convertible notes, which accounted for $9,330 of the increase. In addition, net finance costs increased by $3,617 from $4,462 to $8,079. Included in this is an interest and accretion expense of $8,016 (2023 - $5,537) and a net foreign exchange loss of $550 (2023 - gain of $764). Further, the increased loss is also attributable to higher research and development costs, which increased by $2,736 from $15,204 to $17,940. The majority of these costs were third-party contract engineering expenses associated with the development of Novasight 3.0, along with internal efforts to develop Novasight 3.0 and Novasight 2.0.

Product and licensing revenue

Conavi has derived revenue from the following sources:

- Sales of the Novasight Hybrid System in Canada and the United States. The Novasight Hybrid System consists of a console and catheter. Currently, consoles are provided at no-charge in consideration for hospitals agreeing to purchase catheters. All sales in the United States are through Conavi Medical US, Inc., which is Conavi's wholly owned US subsidiary.
- Sales of the Novasight Hybrid System to EOM to support regulatory activities pursuant to the EOM Distribution Agreement in China.
- Following regulatory approval by National Medical Product Administration in China in August 2023, sales of the Novasight Hybrid System for clinical use in China pursuant to the EOM Distribution Agreement.
- Sales of components to EOM as part of the EOM Licensing Agreement, to support development and commercialization.
- Licensing income resulting from the achievement of milestones in connection with the EOM Licensing Agreement. Licensing income also results from the amortization of deferred revenue resulting in a fair value adjustment related to the original investment made by EOM in connection with the EOM Distribution Agreement.

Product and licensing revenue for the year ended September 30, 2024, totaled $2,161 compared to $2,364 for the comparative period in 2023. The composition of the revenue is shown below:

	September 30, 2024	**September 30, 2023**
Revenue streams		
Product	2,026	410
Licensing and R&D services	135	1,954
Total revenue	2,161	2,364

The Company had limited commercial activity within North America in both FY 2024 and FY 2023, as it was focused on obtaining market feedback and input related to Novasight 2.0 to inform the development of Novasight 3.0. The majority of the product revenue earned in 2024 and 2023 was earned from sales to EOM, including product to support regulatory approval and components to support pilot builds as part of the technology transfer & licensing agreement.

Licensing and R&D services revenue was attributable to milestone fees recognized on milestones achieved pursuant to the technology transfer and licensing agreement with EOM. These included the NMPA submission and approval for the Novasight Hybrid system in China.

Cost of sales

Cost of sales for the year ended September 30, 2024, totaled $2,108 compared to $964 for the prior year. Included in cost of sales was a change in inventory provision of $(87) (2023 - $553) that was recognized for estimated inventory net realizable value below cost. The Company currently earns limited margin on catheter sales in North America and product sales to EOM to support regulatory activity, and sale of technology transfer components is based on a cost-plus model.

Operating expenses

Operating expenses for the year ended September 30, 2024, totaled $26,286 compared to $23,025 for the prior year. Operating expenses are comprised of research and development (R&D) costs, general and administrative expenses (which also includes sales & marketing), depreciation and amortization and other expenses.

Research and development

The primary focus of our R&D costs for the year ended September 30, 2024, was the testing and development of a next generation best-in-class Novasight 3.0 Hybrid system.

For the year ended September 30, 2024, the Company incurred total R&D costs of $17,940, an increase of $2,736 compared to $15,204 in the prior year. Total R&D costs in 2024 comprised of $14,165 of external R&D expenses (including third-party engineering groups, supplies, contractors, materials and other) ($10,801 in 2023) and $5,839 of salaries and benefits relating to research, development and manufacturing ($5,421 in 2023) net of government assistance of $2,064 ($1,018 in 2023). The increase in total R&D costs in 2024 reflects the costs of the development of the next generation Novasight Hybrid system and the engagement of third-party contract engineering and development firms for this initiative.

General and administrative

General and administrative (G&A) expenses for the year ended September 30, 2024 totaled $7,073 compared to $6,304 for the prior year. The increase is largely attributable to an increase in professional fees for services related to the Transaction. Professional fees increased by $2,405 from $442 in 2023 to $2,847 in 2024. This increase is partially offset by a decrease in G&A salaries and benefits by $795 from $2,653 in 2023 to $1,858 in 2024, resulting from the resignation and termination of several employees.

Net finance costs

Net finance costs increased by $3,617 from $4,462 to $8,079. As part of this, interest and accretion expense on preferred shares liabilities increased by $2,697 from $3,108 in 2023 to $5,805 in 2024 attributable to accretion on preferred share liabilities where the initial proceeds were discounted to recognize the preferred shares at fair

value. Also, the net foreign exchange gain decreased by $1,314 from a gain of $764 in 2023 to a loss of $550 in 2024. This was primarily related to the revaluation of loans payable denominated in USD.

During 2024, the Company issued 18% secured convertible notes for aggregate gross proceeds of $6,847 bearing interest at 18% per annum and which mature on May 13, 2025. The initial fair value adjustment recognized in equity was $3,400. A change in fair value of $8,835 was recognized as a result of the changes in various inputs, in particular the determination that it was probable that warrants would also be issued as a result of a change in the concurrent financing event.

On August 30, 2024 the Company closed an additional financing pursuant to which the Company issued 10% secured convertible notes for aggregate gross proceeds of $1,347 bearing interest at 10% per annum and which mature on May 13, 2025. The initial fair value adjustment recognized in equity was $390. A change in fair value of $468 was recognized as a result of the changes in various inputs, in particular the determination that it was probable that warrants would also be issued as a result of a change in the concurrent financing event.

Following the end of the fiscal year, and as described under the heading *Closing of deal with Titan* above, all of the Company's convertible notes converted into common shares and warrants of Conavi on October 11, 2024, immediately prior to completion of the Transaction with Titan, and such common shares and warrants were immediately exchanged for Resulting Issuer Shares and Resulting Issuer Warrants pursuant to the Transaction.

FINANCIAL POSITION

Assets

Cash and cash equivalents decreased by $13,733 from $14,169 in 2023 to $436 in 2024. This is primarily a result of the cash used in operations and a decrease in financing activities. The issuance of Class F preferred share financing in August 2023 generated net proceeds of $31,273 compared to $8,194 from convertible notes in 2024. The Company received $10,636 in concurrent financing as part of the Transaction immediately subsequent to year-end.

Accounts receivable and other receivables decreased by $60 from $730 to $670 due to a decrease of $386 in amounts owing from Sunnybrook as part of a sponsored research agreement, offset by $267 increase in amounts owing from customers.

Prepaid expenses and supplier deposits decreased by $631 from $1,176 to $545 due to deposits applied with third-party suppliers involved in the development of Novasight 3.0.

Liabilities

Accounts payable and accrued liabilities increased by $2,447 from $3,551 to $5,998. $2,650 owing to certain vendors was paid immediately subsequent to year-end. These vendors included two contract engineering groups, three professional service firms and two inventory suppliers.

18% and 10% secured convertible notes increased by $21,287 as they were issued during the current year. This corresponds to $19,082 in 18% secured convertible notes and $2,205 in 10% secured convertible notes.

Current portion of deferred revenue decreased by $220 from $355 to $135, due to the delivery of components ordered under the supply agreement with EOM that were paid for in 2023.

Preferred share liability increased by $5,805 from $29,744 to $35,549, which corresponds to the issuance of Class B and Class F Preferred Shares in 2023.

Shareholders' Deficiency

Contributed surplus decreased by $3,537 from $24,228 to $20,691. Decrease in contributed surplus corresponds to the initial accounting for the issuance of the 18% and 10% secured convertible notes, which represented a distribution to investing shareholders for the difference between the initial fair value of the 18% and 10% secured convertible notes and the proceeds received. Increase in the deficit by $43,615 corresponds to the net loss before tax and as mentioned, is primarily due to the change in fair value of the 18% and 10% secured convertible notes, higher research and development expenses along with higher net finance costs.

SUMMARIZED QUARTERLY INFORMATION

The Company does not have quarterly information that is readily available.

See "Selected Annual Financial Information" in this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Since its inception, Conavi has financed its operations primarily through the issuance of securities, along with investment tax credits, government funding, interest income and a limited amount of product revenue. Given the Company's history of continuing losses and its accumulated deficit, revenues will need to grow and substantially increase over a sustained period if the Company is to progress through development to a sustainable business model. The Company aims to be in a position to do so following the launch of Novasight 3.0.; however there can be no assurance that the Company's efforts will be successful. Note that following the the completion of the fiscal year, the Company raised $10,636 of concurrent financing as part of the Transaction. Furthermore, following the completion of the completion of the fiscal year, the liabilities pertaining to the secured convertible notes and preferred shares issued by the Company were extinguished as part of the Transaction.

The 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 does not yet generate sufficient cash flow from operations to meet its planned growth and to fund development activities. The Company relies on funding from outside sources to execute its current and future business development plans. As part of this, the Company is dependent on the willingness of investors or strategic partners to continue to invest in the Company. The success of the Company is dependent on its product development and obtaining adequate funding through a combination of financing activities and profitable commercial operations. 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 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 consolidated balance sheet classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

The Company incurred a net loss of $43,594 for the fiscal year ended September 30, 2024 and reported a deficit of $146,485 as at September 30, 2024. In addition, cash used in operating activities was $20,147 for the year ended September 30, 2024. The Company had $436 in cash and cash equivalents as at September 30, 2024. Subsequent to year-end, the Company raised $10,636 through issuance of equity securities to new and existing investors concurrent with the closing of the Transaction.

The Company will still 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 Company had $436 in cash and cash equivalents as of September 30, 2024, down from $14,169 at September 30, 2023. During the year ended September 30, 2024, the Company had negative cashflow from operations of $20,147 (2023 - $19,977), cash used for investing totaled $849 (2023 - $691) and financing activities provided $7,263 (2023 - $30,251).

The Company invests its cash in daily interest accounts at chartered banks in Canada. The Company also has a non-interest-bearing account in the US.

Working capital surplus decreased from $13,982 at September 30, 2023 to a working capital deficit of $24,665 at September 30, 2024. Cash and cash equivalents decreased from $14,169 at September 30, 2023 to $436 at September 30, 2024 mainly as a result of cash used in operations and a decrease in financing activities. The issuance of preferred shares in 2023 generated net proceeds of $31,273 compared to $8,194 from the 18% and 10% secured convertible notes in 2024. Accounts payable increased from $3,551 at September 30, 2023 to $5,998 at September 30, 2024. The difference corresponds to $2,650 owing to vendors that was paid immediately subsequent to year-end. Furthermore, all preferred shares (including the preferred share liability) and the 18% and 10% secured convertible notes were exchanged for common shares of the Resulting Issuer as part of the Transaction which closed on October 11, 2024.

Before working capital changes, cash flows used in operations were $24,476 during 2024, compared with $21,082 in 2023. The increase in cash used in operations is due primarily to an increase in research and development activities relating to advancing the Novasight 3.0 system. Working capital changes provided $4,329 during 2024, compared to $1,105 in 2023. The working capital changes in 2024 related mainly to an increase of accounts payable and accrued liabilities by $2,447, a decrease in inventory by $1,399 and a decrease in prepaid expenses and supplier deposits by $631, offset by a decrease in deferred revenue by $220.

Cash used in investing activities was $849 during 2024, including $576 on capital expenditures related to property and equipment. Cash used in investing activities was $691 during 2023 which consisted mainly of $686 of capital expenditures related to property and equipment.

Cash flows from financing activities were $7,263 in 2024 compared to a net of $30,251 in 2023. During the year ended September 30, 2024, the Company issued 18% convertible notes with net proceeds of $6,847 and 10%

convertible notes with net proceeds of $1,347. In 2023, the Company issued preferred shares with net proceeds of $31,273.

The Company has incurred losses and generated negative cash flows from operations since inception. As at September 30, 2024, the Company had an accumulated deficit of $146,485. The Company continues to finance operations by seeking financing where possible, however there can be no assurance that such funding will be available at all or on terms acceptable to the Company in the future.

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 had the effect of the Company potentially having to deliver a variable number of shares on conversion. There were no circumstances where the Company would have been expected to deliver cash on the preferred shares. All preferred shares were converted to common shares of the Resulting Issuer following completion of the Transaction.

The Company has outstanding approximately $14,749 senior secured loan facilities with Japan Lifeline Company Limited (the "**Japan Lifeline Debt Facility**"). The Japan Lifeline Debt Facility is secured by substantially all of Conavi's assets with a first priority security interest, including, but not limited to, its owned intellectual property. The agreements relating to the debt facility contain various affirmative and negative covenants, including restrictions on: liens, indebtedness and dispositions; changes in name, location, executive office, fiscal year or business; mergers or acquisitions; restricted payments; and investments and transactions with Affiliates. In addition, the Japan Lifeline Debt Facility matures on April 30, 2027, and the Resulting Issuer must apply 50% of its positive cash flow from operations in each fiscal year to the repayment of the Japan Lifeline Debt Facility and use commercially reasonable efforts to refinance the amount owning thereunder by December 1, 2025. If the Resulting Issuer breaches any of the covenants or is unable to make payments when due under the Japan Lifeline Debt Facility, its debt obligations under the debt facilities may be accelerated in full and the lender could foreclose on the collateral securing the debt facilities.

Other indebtedness includes (i) unsecured promissory note owing to EOM of $7,310 that is forgivable or repayable based on the terms of the technology transfer & licensing agreement (which was achieved subsequent to year-end), (ii) non-interest bearing repayable contributions owing to the Federal Economic Development Agency of Southern Ontario totaling $1,725, (iii) loan owing to Southern Ontario Fund for Investment in innovation in the amount of $581 that bears interest at 10% per annum and is secured against all assets of the Company but subordinated to the Japan Lifeline Debt Facility, (iii) performance-based loan owing to MaRS Investment Accelerator Fund Inc. with a principal balance of $266 that bears simple interest at 3.8%.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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 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 September 30, 2024, $nil was recorded in relation to legal claims (2023 - $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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

OUTSTANDING SHARES

As of September 30th, 2024, the Company had the following shares outstanding:

Common Shares	
Class A	6,162,073
Preferred Shares	
Class A-2	2,664,500
Class B-1	4,181,894
Class B-2	247,327
Class B-3*	2,450,980
Class F-1	10,000
Class F-2*	5,203,995
Preferred Share Warrants	
Class B-1	802,279
Class B-3	1,225,490
Stock Options	1,985,418

***** These preferred shares are a financial liability carried at amortized cost as there are multiple holder conversion options into other classes of preferred shares or non-voting shares which result in an obligation to deliver a variable number of shares on exercise of the conversion options.

As part of the Transaction, all securities of Conavi were exchanged for securities of Conavi Medical Corp. Refer to the *Closing of the deal with Titan* for further information.

The following table summarizes the outstanding share capital of Conavi Medical Corp. as of October 11, 2024, the date the Company completed the Transaction (following the completion of the Transaction):

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

DIVIDENDS AND DIVIDEND POLICY

To date, the Company has not declared nor paid cash dividends on its common shares. It currently intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any cash dividends on its common shares in the near future.

Holders of the Class F preferred shares were entitled to a preferential cumulative dividend of 8% per annum. Such dividends were payable only when, as, and if declared by the Board of Directors. The principal plus accrued interest balance of the Class F preferred shares were converted to common shares as part of the Transaction.

Holders of the other classes of preferred shares were not entitled to a dividend.

RELATED PARTY TRANSACTIONS

There were no related party transactions other than for the payment of and accruals for compensation to key management personnel of the Company in the ordinary course of business and a portion of the convertible notes for the years ended September 30, 2024 and 2023. These transactions are disclosed in Notes 25, and 26, respectively, of the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

Under IFRS Accounting Standards, the Class A-2, B-3 and F-2 preferred shares were classified as financial liabilities carried at amortized cost as there are multiple holder conversion options into other classes of preferred shares or non-voting shares which result in an obligation to deliver a variable number of shares on exercise of the conversion options. Therefore, the preferred shares with multiple holder conversion options were classified as financial liabilities and recognized at their initial fair value. The difference between the fair value of the preferred shares classified as liabilities and the initial proceeds represented a contribution from shareholders and was recognized in equity as contributed surplus. The conversion option rights were determined not to have significant economic value and the preferred share liability is being accreted to its face value over the estimated term. The initial measurement of the preferred shares at fair value and the resulting effective interest rate of the preferred share liabilities and the estimated term over which the preferred share liabilities will be accreted to their face value represent significant accounting estimates.

Management has determined the effective interest rate of 18% and the estimated term in the range of 40-70 months based on an analysis of probability weighted estimated future settlement scenarios and assigned probabilities of potential exit scenarios in future years based on the strategic outlook of the Company. Management used the following key inputs and assumptions:

- Assumption that exit through initial public offering is more likely than cash repurchase;

- Assumption that the exit will most likely happen by December 31, 2026.

The effective interest rate and term is subject to significant estimation uncertainty, depending on assumptions about future business performance and management plans regarding timing and means of exit. The effective interest rate was determined by management partly through reference to interest rates of existing Company credit arrangements with third party lenders at the point of issuance of these instruments. On October 11th, 2024, the preferred shares liability were all converted to Combined Entity Shares as part of the Transaction.

18% secured convertible notes measured at fair value

Under IFRS Accounting Standards, the Company's 18% secured convertible notes 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 September 30, 2024 using a valuation model with significant unobservable inputs classified as level 3 within the fair value hierarchy. Management has used the following key inputs and assumptions:

- Probability that the Transaction will close
- Nature of the concurrent financing and the related share price of the concurrent financing
- Volatility rates

Subsequent to the initial recognition of the 18% secured convertible notes the expected nature of the concurrent financing and the timing of closing the Titan transaction changed. As a result on conversion both common shares and warrants were issuable on closing of the concurrent financing and the Transaction. During the period the change in the probability of the financial instruments issuable on conversion has been accounted for as part of the overall change in fair value of the convertible notes.

10% secured convertible note measured at fair value

Under IFRS Accounting Standards, the Company's 10% secured convertible notes 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 September 30, 2024 using a valuation model with significant unobservable inputs classified as level 3 within the fair value hierarchy. Management has used the following key inputs and assumptions:

- Probability that the proposed Transaction will close

- Nature of the concurrent financing and the related share price of the concurrent financing
- Volatility rates

Subsequent to the initial recognition of the 10% secured convertible notes the expected nature of the concurrent financing and the timing of closing the Titan transaction changed. As a result on conversion both common shares and warrants were issuable on closing of the concurrent financing and the Transaction. During the period the change in the probability of the financial instruments issuable on conversion has been accounted for as part of the overall change in fair value of the convertible notes.
These secured convertible notes were converted to Combined Entity Shares as part of the Transaction.

CHANGES IN ACCOUNTING POLICIES

Beginning on October 1, 2023, the Company adopted the following:

- Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". These amendments are applicable for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a material impact on the consolidated financial statements.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Beginning on October 1, 2023, the Company adopted the amendments to IAS 1 Presentation of financial statements (IAS 1) and IFRS Practice Statement 2 Making Materiality Judgements. These amendments help companies provide useful accounting policy disclosures and requires the disclosure of material accounting policy information rather than disclosing significant accounting policies. The adoption of these amendments did not have a material impact on the consolidated financial statements

FUTURE ACCOUNTING PRONOUNCEMENTS

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

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

The amendments affect only the presentation of liabilities in the 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 effective date of the amendments to IAS 1 is on or after January 1, 2024, earlier application is permitted. The Company plans to adopt the amendments on October 1, 2024 and has not yet evaluated the effects on its consolidated financial statements primarily in relation to the classification of its financial liabilities.

- 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.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, 18% and 10% secured convertible notes, loans payable, lease liabilities, and preferred shares liability.

Financial assets and financial liabilities are initially measured at fair value.

All recognized financial assets are measured subsequently at either amortized cost or fair value, depending on the classification of the financial asset. All of the Company's financial assets are subsequently measured at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of loans payable and preferred share liability, net of directly attributable transaction costs. After initial recognition, loans payable, lease

liabilities and preferred shares liability are subsequently measured at amortized cost using the effective interest rate method. The 18% and 10% secured convertible notes are subsequently measured at fair value through profit or loss.

The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, currency risk and interest rate risk. There have been no significant changes to those risks impacting the Company since September 30, 2024, nor has there been a significant change in the composition of its financial instruments since September 30, 2023 with the exception of the issuance of the 18% and 10% secured convertible notes. These secured convertible notes were converted to Combined Entity Shares as part of the Transaction.

RISKS & UNCERTAINTIES

For a detailed description of risk factors associated with the Company, refer to the "Risk Factors" section of the Circular, which is available on SEDAR+ at www.sedarplus.ca, as well as the other information described elsewhere in this document.

Economic conditions (including inflation and prevailing interest rates) affecting the Company, its operations, plans and its ability to raise financing may be adversely affected in subsequent fiscal periods as a result of current and future geopolitical events, including as a result of risks and uncertainties surrounding potential regulatory changes or the establishment of protectionist measures, such as the imposition of tariffs or modifications to free trade agreements. In addition, the Company is exposed to a variety of financial risks in the normal course of operations, including risks relating to cash flows from operations, liquidity, capital reserves, market rate fluctuations and internal controls over financial reporting.

Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any such risks occur, the Company's business, financial condition and results of operations could be seriously harmed. Further, if the Company fails to meet the expectations of the public market in any given period, the market price of our common shares could decline.