CONAVI MEDICAL CORP.

Consolidated financial statements

For the years September 30, 2025 and 2024

Independent auditor's report

To the Shareholders of Conavi Medical Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Conavi Medical Corp. and its subsidiaries (together, the Company) as at September 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at September 30, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' deficiency for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500
Toronto, Ontario, Canada M5J 0B2
T.: +1 416 863 1133, F.: +1 416 365 8215
Fax to mail: ca_toronto_18_york_fax@pwc.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Deferred revenue amortization period Refer to note 4 – Material accounting policies, note 9 – Deferred revenue and note 21 – Revenue recognition to the consolidated financial statements. The Company has deferred revenue of $4.8 million related to the distribution agreement and technology transfer and licensing agreement with East Ocean Medical (Hong Kong) Company Limited (EOM). Significant judgments were made by management in determining the amortization periods, which are based on internal and external factors.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the amortization period, which included the following: – tested the underlying data used in determining the amortization period by agreeing key contractual terms back to signed contracts; and

Key audit matter	How our audit addressed the key audit matter
During the year ended September 30, 2025, the Company revised the estimated amortization period for deferred revenue related to the distribution agreement with EOM. Previously, revenue was recognized over a 20-year period. Following the achievement of the fourth milestone per the technology transfer and licensing agreement, the Company reassessed and assessed the amortization periods for the distribution agreement and the technology and transfer and licensing agreement, respectively, by considering the contractual terms and third party industry data and determined that a 10-year amortization period for the deferred revenue related to each agreement accurately reflected the timing of the transfer of services. We considered this a key audit matter due to the significant judgments involved by management in determining the amortization period. This resulted in a high degree of auditor judgment and effort in performing procedures to test the amortization period.	– assessed the reasonableness of the internal and external factors used in the estimate of the amortization period by: ○ performing corroborating enquiries with the Company's project and business development managers; ○ considering the third party industry data; and ○ performing sensitivity analysis.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Grant Redpath.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
December 29, 2025

CONAVI MEDICAL CORP.

Fiscal year September 30, 2025 and 2024

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CONAVI MEDICAL CORP.
Consolidated statements of financial position
As at September 30, 2025, and 2024
(in thousands of Canadian dollars, except per share data)

	Note	September 30, 2025	September 30, 2024
Assets			
Current assets			
Cash and cash equivalents		5,841	436
Accounts receivable and other receivables		407	670
Inventory	5	341	1,610
Prepaid expenses and supplier deposits		1,415	545
Investment tax credits recoverable		265	268
Total Current Assets		**8,269**	**3,529**
Property and equipment	6	1,208	1,687
Intangible assets	7	2,155	2,296
Right-of-use assets	8	811	1,049
Total Assets		**12,443**	**8,561**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		2,905	5,998
18% secured convertible notes	27	—	19,082
10% secured convertible notes	28	—	2,205
Current portion of deferred revenue	9	606	135
Current portion of loans payable	10	1,106	513
Lease liabilities	8	800	261
Warrant liability	12	2,794	—
Total Current Liabilities		**8,211**	**28,194**
Long term liabilities			
Deferred revenue	9	4,261	5,085
Loans payable	10	17,266	24,564
Preferred shares liability	11	—	35,549
Lease liabilities	8	734	1,002
Total Liabilities		**30,472**	**94,394**
Shareholders' Deficiency			
Common shares	13	126,787	17,552
Preferred shares	13	—	18,408
Pre-funded warrants	13	6,116	—
Warrant reserve	14	—	4,173
Contributed surplus	11 & 15	16,232	20,691
Cumulative translation adjustment		(163)	(172)
Deficit		(167,001)	(146,485)
Total Shareholders' Deficiency		**(18,029)**	**(85,833)**
Total Liabilities and Shareholders' Deficiency		**12,443**	**8,561**

Going concern (Note 2)

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

Approved on behalf of the Board of Directors /s/ Thomas L. Looby (Director)

CONAVI MEDICAL CORP.

Consolidated statements of loss and comprehensive loss

For the years September 30, 2025 and 2024

(in thousands of Canadian dollars, except per share data)

	Note	**September 30, 2025**	**September 30, 2024**
Licensing and R&D services revenue	9, 10 & 21	8,886	135
Product revenues		236	2,026
		9,122	2,161
Cost of sales	5 & 19	1,495	2,108
Gross profit		**7,627**	**53**
Operating expenses	19		
Research and development		15,272	17,940
General and administrative		6,146	7,073
Depreciation and amortization	6, 7 & 8	813	987
Other expenses		248	286
Total operating expenses		**22,479**	**26,286**
Operating loss		**14,852**	**26,233**
Net finance costs	20	11,514	8,079
Change in fair value of 18% and 10% secured convertible notes		—	9,303
Change in fair value of warrant liability	12	(10,837)	—
Listing expense	3	4,987	—
Net loss		**20,516**	**43,615**
Other comprehensive (income) loss			
Foreign currency translation adjustment - net of tax		(9)	(21)
Net loss and comprehensive loss for the year		**20,507**	**43,594**
Loss per share common	22		
Basic and diluted loss per common share		0.36	7.08

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

CONAVI MEDICAL CORP.
Consolidated statements of changes in shareholders' deficiency
For the years September 30, 2025 and 2024
(in thousands of Canadian dollars, except per share data)

		Common Shares		Common A		Preferred Shares		Pre-Funded Warrants						
	Note	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Warrant Reserve	Contributed surplus	Cumulative Translation Adjustment	Deficit	Total
Balance at October 1, 2024		**—**	**—**	**6,162,073**	**17,552**	**4,439,221**	**18,408**	**—**	**—**	**4,173**	**20,691**	**(172)**	**(146,485)**	**(85,833)**
Conversion of Class A common shares of CMI into common shares of the Company	13	4,226,368	17,552	(6,162,073)	(17,552)	—	—	—	—	—	—	—	—	—
Issuance of common shares to Titan shareholders	3	4,707,587	6,150	—	—	—	—	—	—	—	—	—	—	6,150
Conversion of CMI preferred shares liability warrants to common shares on close of the Transaction	11	1,546,359	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of CMI preferred shares warrants to common shares on close of the Transaction	13	1,012,339	4,173	—	—	—	—	—	—	(4,173)	—	—	—	—
Issuance of common shares on conversion of preferred share liability	11	10,961,118	45,641	—	—	—	—	—	—	—	—	—	—	45,641
Issuance of common shares on conversion of preferred shares	13	5,569,602	18,408	—	—	(4,439,221)	(18,408)	—	—	—	—	—	—	—

CONAVI MEDICAL CORP.

Consolidated statements of changes in shareholders' deficiency

For the years September 30, 2025 and 2024

(in thousands of Canadian dollars, except per share data)

		Common Shares		Common A		Preferred Shares		Pre-Funded Warrants						
	Note	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of Shares	Amount	Warrant Reserve	Contributed surplus	Cumulative Translation Adjustment	Deficit	Total
Issuance of common shares in connection with private placement net of transaction cost	13	7,152,841	9,344	—	—	—	—	—	—	—	(5,281)	—	—	4,063
Issuance of common shares upon conversion of 18% secured convertible notes	13	8,140,592	12,225	—	—	—	—	—	—	—	—	—	—	12,225
Issuance of common shares upon conversion of 10% secured convertible notes	13	933,280	1,419	—	—	—	—	—	—	—	—	—	—	1,419
Common shares issued in equity offering	13	32,500,000	13,000	—	—	—	—	—	—	—	—	—	—	13,000
Transaction costs incurred on issuance of common shares in equity offering:														
Cash transaction costs	13	—	(928)	—	—	—	—	—	—	—	—	—	—	(928)
Fair value of warrants	13	—	(197)	—	—	—	—	—	—	—	197	—	—	—
Pre-funded warrants issued in equity offering	13	—	—	—	—	—	—	17,500,000	7,000	—	—	—	—	7,000

CONAVI MEDICAL CORP.

Consolidated statements of changes in shareholders' deficiency

For the years September 30, 2025 and 2024

(in thousands of Canadian dollars, except per share data)

		Common Shares		Common A		Preferred Shares		Pre-Funded Warrants						
	Note	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of Shares	Amount	Warrant Reserve	Contributed surplus	Cumulative Translation Adjustment	Deficit	Total
Transaction costs incurred on issuance of pre-funded warrants in equity offering:														
Cash transaction costs	13	—	—	—	—	—	—	—	(697)	—	—	—	—	(697)
Fair value of warrants	13	—	—	—	—	—	—	—	(187)	—	187	—	—	—
Stock-based compensation	15	—	—	—	—	—	—	—	—	—	438	—	—	438
Cumulative translation adjustment		—	—	—	—	—	—	—	—	—	—	9	—	9
Net loss for the period		—	—	—	—	—	—	—	—	—	—	—	(20,516)	(20,516)
Balance, September 30, 2025		**76,750,086**	**126,787**	—	—	—	—	**17,500,000**	**6,116**	—	**16,232**	**(163)**	**(167,001)**	**(18,029)**

CONAVI MEDICAL CORP.

Consolidated statements of changes in shareholders' deficiency

For the years September 30, 2025 and 2024

(in thousands of Canadian dollars, except per share data)

		Common Shares		Common A		Preferred Shares						
	Note	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Warrant Reserve	Contributed surplus	Cumulative Translation Adjustment	Deficit	Total
Balance at October 1, 2023		**—**	**—**	**6,156,118**	**17,543**	**4,439,221**	**18,408**	**4,173**	**24,228**	**(193)**	**(102,870)**	**(38,711)**
Stock options exercised	15	—	—	5,955	9	—	—	—	(3)	—	—	6
Stock-based compensation	15	—	—	—	—	—	—	—	256	—	—	256
Initial recognition of secured convertible notes	27 & 28								(3,790)			(3,790)
Cumulative translation adjustment		—	—	—	—	—	—	—	—	21	—	21
Net loss for the year		—	—	—	—	—	—	—	—	—	(43,615)	(43,615)
Balance at September 30, 2024		**—**	**—**	**6,162,073**	**17,552**	**4,439,221**	**18,408**	**4,173**	**20,691**	**(172)**	**(146,485)**	**(85,833)**

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

CONAVI MEDICAL CORP.
Consolidated statements of cash flows
For the years September 30, 2025 and 2024
(in thousands of Canadian dollars, except per share data)

	Note	September 30, 2025	September 30, 2024
Cash flows used in operating activities:			
Loss for the year		(20,516)	(43,615)
Items not affecting cash:			
Depreciation of property and equipment	6	306	461
Amortization of intangible assets	7	251	268
Depreciation of right-of-use assets	8	256	258
Interest accrued and accretion expense	20	11,686	8,016
Stock-based compensation	15	438	256
Impairment of property and equipment	6	44	89
Net loss on disposal of property and equipment	6	202	197
Unrealized foreign exchange gain		261	659
Gain on extinguishment of loans payable		—	(233)
Change in fair value of warrant liability	12	(10,837)	—
Listing expense		4,987	—
Change in fair value of 18% and 10% secured convertible notes		—	9,303
Deferred revenue		471	(220)
Other income	20	(101)	
Non-cash licensing and R&D services revenue	21	(8,886)	(135)
		(21,438)	(24,696)
Changes in working capital accounts:			
Inventories		1,269	1,389
Accounts receivable and other receivables		691	60
Investment tax credits recoverable		3	22
Accounts payable and accrued liabilities		(4,838)	2,447
Prepaid expenses and supplier deposits		(787)	631
Net cash used in operating activities		(25,100)	(20,147)
Cash flows from (used in) investing activities:			
Purchase of property and equipment	6	(73)	(576)
Purchase of intangible assets	7	(110)	(273)
Proceeds from the transaction	3	3,753	—
Total cash from (used in) investing activities		3,570	(849)

(in thousands of Canadian dollars, except per share data)

		September 30, 2025	September 30, 2024
Cash flows from (used in) financing activities:			
Payment of lease liabilities	8	(984)	(321)
Payment of loans payable and interest	10	(548)	(616)
Proceeds from private placement		10,092	—
Proceeds from exercise of stock options		—	6
Proceeds from issuance of 18% and 10% secured convertible notes		—	8,194
Proceeds from issuance of common shares net of issuance costs ($928)	13	12,072	—
Proceeds from issuance of pre-funded warrants net of issuance costs ($697)	13	6,303	—
Net cash flows from (used in) financing activities		26,935	7,263
Increase (decrease) in cash and cash equivalents		5,405	(13,733)
Cash and cash equivalents, beginning of the year		436	14,169
Cash and cash equivalents, end of year		5,841	436

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

1. Nature of operations

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

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

Prior to the completion of the Transaction, on October 8, 2024, CMI closed the Private Placement of subscription receipts for gross proceeds of $10,636 (net cash proceeds of $10,092), representing 7,729,300 subscription receipts at a price of US$1.00 per subscription receipt. Each subscription receipt (the “Subscription Receipt”) issued in the Private Placement was exchangeable for one Class A common share and 1 Class A common share warrant of CMI upon the satisfaction of certain conditions related to the Transaction. An aggregate of 229,300 Subscription Receipts were issued to the agents. As additional compensation, the agents were also issued 35,329 broker warrants of CMI (the “Broker Warrants”).

In connection with the Transaction, Titan Medical Inc. changed its name to Conavi Medical Corp., and completed a share consolidation on the basis of 1 post-consolidation common share of Titan Medical Inc. for each 25 pre-consolidation common shares. In addition, CMI completed a share consolidation on the basis of 1 post-consolidation Class A common share of CMI for each 1.35 pre-consolidation Class A common shares adjusted with an exchange ratio of 0.925 thereafter. Further, immediately prior to the closing of the Transaction, all outstanding preferred share warrants of CMI were exercised for nominal consideration, and all of CMI's preferred shares were converted to CMI Class A common shares. Each Class A-2 Preferred Share converted into one CMI common share, and taking into account anti-dilution adjustments to the conversion terms of CMI’s preferred shares, each Class B-1 Preferred Share and Class B-3 Preferred Share of CMI converted into approximately 1.840 CMI common shares, each Class B-2 Preferred Share of CMI converted into approximately 1.66 CMI common shares, and the total amount invested in the Class F-1 Preferred Shares and Class F-2 Preferred Shares plus accrued dividends was converted into CMI Class A common shares at a price per share of US$2.08.

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

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

2. Going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they come due and in the normal course of business for the foreseeable future.

The Company incurred a net loss of $20,516 for the year ended September 30, 2025 (2024 - $43,615) and reported a deficit of $167,001 (2024 - $146,485) as at that date. In addition, cash used in operating activities was $25,100 for the year ended September 30, 2025 (2024 - $20,147). The Company had $5,841 in cash and cash equivalents as at September 30, 2025 (2024 - $436).

The Company will need to secure further 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 during fiscal year 2026 subject to regulatory approval. This system is anticipated to have a much lower cost of goods sold than the first generation system, which, if achieved, would contribute to operating cash flow. In addition, management is working towards obtaining additional financing from new and existing strategic partners and shareholders in order to continue to develop and bring the Company's products to market, so as to generate revenue and achieve positive cash flows from operations. However, there is no assurance these initiatives will be successful or sufficient.

The success of the Company is dependent on developing and bringing its products to market and obtaining adequate funding through a combination of financing activities and profitable commercial operations. These 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 statements of financial position classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

(in thousands of Canadian dollars, except per share data)

3. Qualifying Transaction

The Transaction constitutes a reverse acquisition by CMI of the Company, a non-operating public enterprise. The Company, the accounting acquiree, did not meet the definition of a business under IFRS 3, Business Combinations and therefore the Transaction did not qualify as a business combination. CMI is deemed to have issued equity to the holders of the equity interests of the Company. Consequently, the Transaction is accounted for as a continuation of the consolidated financial statements of CMI, together with a deemed issuance on October 11, 2024 of common shares, restricted share units, share options and warrants by the resulting company for the net assets and the listing status of the Company, accounted for in accordance with IFRS 2, Share Based Payments. The identifiable assets and liabilities of the Company were recognized at fair value as at October 11, 2024, with the excess of the fair value of net assets over the fair value of equity interest issued charged to the consolidated statements of loss and comprehensive loss as a listing expense.

The comparative figures that are presented in the consolidated financial statements are those of CMI. The consolidated statements of loss and comprehensive loss include the full results of CMI and its subsidiary for the year from October 1, 2024 to September 30, 2025 and for the year from October 1, 2023 to September 30, 2024.

	October 11, 2024
Cash and cash equivalents	3,753
Prepaid expenses and supplier deposits	244
Income taxes receivable	100
Accounts payable and accrued liabilities	(1,811)
Lease liabilities	(1,123)
	1,163
Less: Total share consideration	6,150
Listing expense	(4,987)

Shares received:	
Fair value of 4,707,587 Titan Medical Inc. common shares	6,150
Fair value of 83,801 Titan Medical Inc. stock options	—
Fair value of 131,593 Titan Medical Inc. warrants	—
Total consideration	6,150

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

4. Material accounting policies

Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards.

4. Material accounting policies (continued)

Basis of presentation (continued)

The consolidated financial statements have been prepared using the accrual basis of accounting at historical cost except for the 18% and 10% secured convertible notes and the warrant liability, which are measured at fair value.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on December 29, 2025.

Basis of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it has the continuing power to determine its strategic operating, investing, and financing policies without the cooperation of others and has exposures to or rights to variable returns arising from its involvement with the investee. The wholly owned subsidiaries are consolidated from the date control is obtained.

The consolidated financial statements include the accounts of the Company and the operations of its wholly owned subsidiaries: Conavi Medical US Inc, Titan Medical Inc. and Titan Medical USA Inc.

All intercompany accounts and transactions are eliminated on consolidation.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the chief executive officer.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

4. Material accounting policies (continued)

Financial instruments (continued)

a) Classification and measurement of financial assets

Financial assets at amortized cost are subsequently measured using the effective interest rate method and the carrying amount is adjusted by the effect of expected credit loss allowances for impairment. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, adjusted for any expected credit losses. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets measured at amortized cost include cash and cash equivalents and accounts receivable and other receivables.

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less or cashable without penalty.

For accounts receivable and other receivables, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company estimates the expected credit loss allowance using its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the effects of the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Classification and measurement of financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities, 18% secured convertible notes, 10% secured convertible notes, loans payable, lease liabilities, certain classes of preferred shares and warrant liability. All financial liabilities are recognized initially at fair value and, in the case of loans payable and preferred shares, net of directly attributable transaction costs.

After initial recognition, accounts payable and accrued liabilities, loans payable, lease liabilities and preferred shares liability are subsequently measured at amortized cost using the effective interest rate method. The 18% secured convertible notes, 10% secured convertible notes and the warrant liability are subsequently measured at fair value through profit or loss.

4. Material accounting policies (continued)

Financial instruments (continued)

b) Classification and measurement of financial liabilities (continued)

At origination, the Company makes an assessment if a financial liability contains an embedded component that is not closely related to the host liability contract. If such financial liabilities contain embedded derivatives, these are separated from the host liability contract and recognized at fair value at initial recognition as a liability or equity according to the applicable requirements for such embedded components. At initial recognition, the Company also determines whether financial instruments meet the definition of a liability, equity or if they have characteristics of both a liability and equity. Financial liability instruments are then separated into liability components and, if applicable, an equity component, based on the contractual terms.

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of loss and comprehensive loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4. Material accounting policies (continued)

Inventory

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined by the first-in, first-out method.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment. Depreciation is provided using the straight-line method at rates intended to depreciate the cost of assets over their estimated useful lives as follows:

Leasehold improvements	Lease term
Lab equipment	7 years
Computers	3 years
Furniture and fixtures	5 years
Sales and marketing equipment	5 years
Demonstration units	18 months

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment. Amortization is provided over the expected useful lives of the assets using the straight-line method as follows:

Patents	19 years
Software	2 - 8 years

Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability and lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

4. Material accounting policies (continued)

Leases (continued)

Right-of-use assets are depreciated on a straight-line basis over the term of the lease of 1.0 - 3.3 years (2024 0.9 - 4.3 years).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Revenue recognition

The Company is in the process of designing, manufacturing and marketing imaging technologies for use in common minimally invasive cardiovascular procedures. The Company has developed a patented Novasight Hybrid System and continues to work on development of its patented technology and next generation systems.

The Company is at an early stage in the generation of revenue from the Novasight Hybrid System in the form of product sales and from license and distribution agreements with customers. Goods and services in agreements with customers may include the grant of licenses for the use of the Company's technology and may provide for consideration to the Company in the form of milestone payments, reimbursement of certain costs and royalty payments on licensed products.

When the Company enters into licensing and/or distribution agreements it assesses the nature of the products and services being delivered. Geographic, time or use-based restrictions are taken account of in determining the nature of the license provided. When the Company enters into a license it firstly reviews whether the license is distinct from products or manufacturing services provided under the contract. If the license is not distinct from other products or manufacturing services the Company accounts for the license and other products or manufacturing or other services as a single performance obligation. Where a license is distinct the Company assesses whether the license provides a right of access to patents and other intellectual property over the term or a right to use the patent and/or other intellectual property as it existed at the point-in-time the license is granted.

4. Material accounting policies (continued)

Revenue recognition (continued)

Where the Company enters into a distribution agreement whereby the distributor only has a license to enable it to resell goods manufactured by the Company in a particular market and where the distributor does not have a right to use the intellectual property to manufacture goods the license is not considered distinct from the other performance obligations in the contract. In such instances, deferred revenue for initial proceeds received is recognized over the expected term of the distribution agreement and earnings on product sales are recognized when the goods are shipped to the Company's distributor in instances where the distributor has no right of return for unsold products and overall revenue recognition criteria is met.

Where the Company has entered into a license agreement together with services, representing a single performance obligation, to assist the customer in obtaining the 'know-how' and related support to obtain regulatory approval in a particular market and to enable the customer to commence manufacturing of products the Company recognizes variable consideration related to milestones in the contract where the variable consideration related to the milestone achieved appropriately represents the progress-to-completion and where it is highly probable that the variable consideration is not subject to reversal. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of all milestones and any related constraints, and, if necessary, adjusts the estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis and are recorded as revenue and through earnings in the period of adjustment.

Royalties on product sales by licensees will be recognized when the sales occur.

Product sales are recognized as revenue when goods are shipped to the Company's customers.

Government grants

The Company recognizes government grants when there is reasonable assurance that the Company will comply with the conditions of the grant and the grant will be received. Government grants receivable are recorded in accounts receivable and other receivables on the consolidated statements of financial position. The Company recognizes government grants in the consolidated statements of loss and comprehensive loss in the same period as the expenses for which the grant is intended to compensate and nets the amount off the related expenses. In cases where a government grant becomes receivable as compensation for expenses already incurred in prior periods, the grant is recognized in profit or loss in the period in which it becomes receivable.

Foreign exchange

The Company's functional and presentation currency is the Canadian dollar. The functional currency of the Company's wholly-owned U.S. subsidiaries is the U.S. dollar.

For consolidation purposes, the assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rates

4. Material accounting policies (continued)

Foreign exchange (continued)

of exchange during the period. All resulting exchange differences are recorded as other comprehensive income (loss) and accumulated in cumulative translation adjustment.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company or its subsidiaries, using the exchange rates prevailing at the dates of these transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statements of loss and comprehensive loss.

Share-based payments

The Company has a stock option plan as described in Note 15. Compensation expense is recognized for stock options based on the fair value of the stock options at the grant date. The fair value of the stock options is recognized over the vesting period of the stock options with a corresponding amount included in contributed surplus.

The Company uses a fair value-based method to measure the fair value of stock options as at their grant date. The fair value is determined using the Black-Scholes option pricing model and is recognized in the consolidated statements of loss and comprehensive loss as a compensation expense and credited to contributed surplus, using a graded vesting schedule over the vesting period, based on the Company's estimate of the number of shares that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognized in the consolidated statements of loss and comprehensive loss such that the cumulative compensation expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Income taxes and deferred taxes

Income taxes are accounted for using the liability method. Deferred tax assets and liabilities are recognized for the differences between the tax basis and carrying amounts of assets and liabilities, for operating losses and for tax credit carry-forwards. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which temporary differences can be utilized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws.

4. Material accounting policies (continued)

Research and development expenditures

Any research and development expenditure incurred during the research phase of projects is expensed as incurred. Costs related with development activities are capitalized when:

- The Company has technical studies that demonstrate the feasibility of the production process;
- The Company has undertaken a commitment to complete production of the asset, to make it available for sale or internal use;
- The asset will generate sufficient future economic benefits; and,
- The Company has sufficient technical and financial resources to complete development of the asset and has devised budget control and cost accounting systems that enable monitoring of budgetary costs, modifications and the expenditure actually attributable to the different projects.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Investment tax credits

Investment tax credits ("ITCs") are recognized where there is reasonable assurance that the ITCs will be received, and all attached conditions will be complied with. When the ITCs relates to an expense item, it is netted against the related expense. Where the ITCs relates to an asset, it reduces the carrying amount of the asset. The ITCs are then recognized over the useful life of a depreciable asset by way of a reduced depreciation charge. The Company is actively engaged in scientific research and development ("R&D") and, accordingly, has previously filed for ITC refunds under both the Canadian federal and Ontario provincial Scientific Research and Experimental Development ("SR&ED") tax incentive programs. The ITCs recorded are based on management's interpretation of the Income Tax Act of Canada, provisions which govern the eligibility of R&D costs. The claims are subject to review by the Canada Revenue Agency before the refunds can be released.

Impairment testing of long-lived assets

Property and equipment, right-of-use of assets and intangible assets are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flow CGUs.

The recoverable amount is the higher of an asset's fair value, less costs of disposal and value in use (which is the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized as the amount by which the asset's carrying amount exceeds its recoverable

4. Material accounting policies (continued)

Impairment testing of long-lived assets (continued)

amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Use of estimates and judgements

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

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

The following areas require estimates or judgement by management:

Warrant liability measured at fair value

Under IFRS Accounting Standards, certain of the Company's warrants have been classified as a financial liability measured at fair value through profit or loss. Management has determined the fair value at the initial recognition date and at September 30, 2025 using a valuation model with significant unobservable inputs classified as level 3 within the fair value hierarchy as disclosed in Note 12.

Deferred revenue

The Company has deferred revenue related to the distribution agreement and technology transfer and licensing agreement with East Ocean Medical (Hong Kong) Company Limited ("EOM"). Significant judgements were made by management in determining the amortization periods which are based on internal and external factors.

During the year ended September 30, 2025, the Company revised the estimated amortization period for deferred revenue related to the distribution agreement with EOM. Previously, revenue was recognized over a 20-year period. Following the achievement of the fourth milestone per the technology transfer and licensing agreement, the Company reassessed and assessed the amortization periods for the distribution agreement and the technology and licensing agreement, respectively, by considering the contractual terms and third party industry data and determined that a 10-year amortization period for the deferred revenue related to each agreement accurately reflected the timing of the transfer of services.

This change in estimate related to the distribution agreement has been applied prospectively, the effect of this change was to increase revenue recognized in the current year by $87. The expected effect of this change in future periods is an increase in annual revenue recognition of $116 per year over the remaining period.

4. Material accounting policies (continued)

Accounting pronouncements adopted during the year

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

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

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

Future accounting pronouncements

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

- 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

(in thousands of Canadian dollars, except per share data)

4. Material accounting policies (continued)

Future accounting pronouncements (continued)

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.

5. Inventories

	September 30, 2025	September 30, 2024
Components and parts	307	1,254
Work-in-progress	34	203
Finished goods	—	153
	341	1,610

Included in inventory is an inventory provision due to estimated net realizable value below cost in the amount of $795 for the year ended September 30, 2025 (2024 - $263). Inventory consumed in cost of sales amounted to $275 for the year ended September 30, 2025 (2024 - $1,733).

Inventories consumed in research and development during the year ended September 30, 2025, amounted to $433 (2024 - $440).

The Company increased its inventory provision by $1,252 during the year ended September 30, 2025 (decreased its inventory provision by $87 during the year ended September 30, 2024).

There were no other inventory write downs charged to cost of sales during the years ended September 30, 2025 and 2024.

(in thousands of Canadian dollars, except per share data)

6. Property and equipment

	Leasehold Improvements	Lab Equipment	Computers	Furniture & Fixtures	Sales & Marketing Equipment	Demonstration Equipment	Total
Cost							
Balance as at October 1, 2024	1,152	2,404	588	322	39	894	5,399
Additions	—	28	29	—	—	16	73
Disposals	—	—	—	—	—	(485)	(485)
Impairment	—	—	—	—	—	(44)	(44)
Balance as at September 30, 2025	1,152	2,432	617	322	39	381	4,943
Accumulated Depreciation							
Balance as at October 1, 2024	733	1,493	535	239	39	673	3,712
Depreciation	76	165	43	13	—	9	306
Disposals	—	—	—	—	—	(283)	(283)
Unit transfer	—	18	—	—	—	(18)	—
Balance as at September 30, 2025	809	1,676	578	252	39	381	3,735
Net book value as at September 30, 2025	343	756	39	70	—	—	1,208

(in thousands of Canadian dollars, except per share data)

6. Property and equipment (continued)

	Leasehold Improvements	Lab Equipment	Computers	Furniture & Fixtures	Sales & Marketing Equipment	Demonstration Equipment	Total
Cost							
Balance as at October 1, 2023	1,117	2,005	572	318	39	1,401	5,452
Additions	35	150	16	4	—	371	576
Disposals	—	—	—	—	—	(340)	(340)
Unit transfer to inventory	—	—	—	—	—	(200)	(200)
Unit transfer	—	249	—	—	—	(249)	—
Impairment	—	—	—	—	—	(89)	(89)
Balance as at September 30, 2024	1,152	2,404	588	322	39	894	5,399
Accumulated Depreciation							
Balance as at October 1, 2023	657	1,326	471	219	38	683	3,394
Depreciation	76	167	64	20	1	133	461
Disposals	—	—	—	—	—	(143)	(143)
Balance as at September 30, 2024	733	1,493	535	239	39	673	3,712
Net book value as at September 30, 2024	419	911	53	83	—	221	1,687

Included in demonstration units is $nil (2024 – $204) of property and equipment not in use and no depreciation has been recorded on these assets. The Company expects these assets to be placed in use in the next fiscal year. During the year ended September 30, 2025, the Company recognized an impairment related to its demonstration units in the amount of $44 (2024 – $89).

(in thousands of Canadian dollars, except per share data)

7. Intangible assets

	Patents	Software	Total
Cost			
Balance as at October 1, 2024	3,372	2,175	5,547
Additions	110	—	110
Balance as at September 30, 2025	**3,482**	**2,175**	**5,657**
Accumulated amortization			
Balance as at October 1, 2024	1,323	1,928	3,251
Amortization	180	71	251
Balance as at September 30, 2025	**1,503**	**1,999**	**3,502**
Net book value			
September 30, 2025	**1,979**	**176**	**2,155**

	Patents	Software	Total
Cost			
Balance as at October 1, 2023	3,237	2,037	5,274
Additions	135	138	273
Balance as at September 30, 2024	**3,372**	**2,175**	**5,547**
Accumulated amortization			
Balance as at October 1, 2023	1,149	1,834	2,983
Amortization	174	94	268
Balance as at September 30, 2024	**1,323**	**1,928**	**3,251**
Net book value			
September 30, 2024	**2,049**	**247**	**2,296**

8. Leases

All the leases of the Company relate to building leases.

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

Effective August 2021, the Company entered into a lease agreement at unit 523, 161 Roehampton Avenue, Toronto and the agreement had been extended through July 2025. During June 2025 this agreement was extended for an additional 12 months through July 2026. This lease agreement does not have any extension options.

Following the close of the Transaction, the Company also leases a facility in Chapel Hill, North Carolina with a remaining lease term of 9 months of which five units are vacant and one unit is subleased. The right-of-use asset related to these lease agreements had a fair value of $nil upon close of the Transaction.

(in thousands of Canadian dollars, except per share data)

8. Leases (continued)

Right-of-use assets

The following tables present changes in right-of-use assets for the Company for the years ended September 30, 2025 and 2024.

	Buildings
As at September 30, 2023	
Cost	1,565
Accumulated Depreciation	(258)
Net book value	1,307
For the year ended September 30, 2024	
Opening book value	1,307
Depreciation	(258)
Closing net book value	1,049
As at September 30, 2024	
Cost	1,565
Accumulated Depreciation	(516)
Net book value	1,049
For the year ended September 30, 2025	
Opening book value	1,049
Lease modification	18
Depreciation	(256)
Closing net book value	811
Balance, September 30, 2025	
Cost	1,583
Accumulated depreciation	(772)
Closing net book value	811

(in thousands of Canadian dollars, except per share data)

8. Leases (continued)

Lease liabilities

The following table present changes in lease liabilities for the Company for the year ended September 30, 2025 and 2024

	Buildings	**Current**	**Long-term**
Balance, October 1, 2023	**1,494**	**231**	**1,263**
Accretion of interest	90	—	—
Lease payments	(321)	—	—
Balance, September 30, 2024	**1,263**	**261**	**1,002**
Additions as result of the Transaction	1,123	—	—
Lease modification	21	—	—
Accretion of interest	146	—	—
Lease payments	(984)	—	—
Foreign exchange	(35)	—	—
Balance, September 30, 2025	**1,534**	**800**	**734**

Sub-lease

In 2023, Titan entered into a sub-lease agreement to sublease one of its six suites at the Chapel Hill facility. The Company recognized interest income on finance lease receivables of $13 for the year ended September 30, 2025.

In August 2025, the Company entered into a second sub-lease agreement to sublease one of its six suites at the Chapel Hill facility. The Company recognized interest income on this second sub-lease agreement of $1 for the year ended September 30, 2025.

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

	September 30, 2025
Within 1 year	146
1 to 2 years	—
Total undiscounted lease receivable	146
Unearned interest income	(6)
Lease receivable	**140**
Current	140
Non-current	—
Balance, September 30, 2025	**140**

(in thousands of Canadian dollars, except per share data)

9. Deferred revenue

	September 30, 2025	September 30, 2024
Distribution agreement	2,321	2,542
Technology transfer and licensing agreement	2,458	2,678
Other deferred revenue	88	—
	4,867	5,220
Less: current portion	606	135
Non-current portion	4,261	5,085

On November 30, 2017, the Company and East Ocean Medical (Hong Kong) Company Limited ("EOM") entered into a distribution agreement giving EOM exclusive distribution rights (the “Distribution Agreement”) to sell the Company's Canadian products in the Territory (as defined in Note 21). The term of the Distribution Agreement is 20 years following approval from the relevant regulator in China. Concurrent with the execution of the Distribution Agreement, EOM subscribed to purchase redeemable and convertible Class C preferred shares for US$7,500,000 with a dividend rate of 5% per annum. On initial recognition the Company recorded the preferred shares in equity at their estimated fair value of $7,002 using a discount rate of 13% and recorded the difference from the initial proceeds of $2,697 as deferred revenue attributable to the Distribution Agreement.

On November 23, 2020, the Company and EOM signed a US$ 5,000,000 promissory note (“EOM Promissory Note”) bearing an interest rate of 8% per annum and decreasing to 5% (subject to signing a technology transfer and licensing agreement ("TTLA")).Concurrent with the execution of signing of the TTLA (Note 21), the Company and EOM amended the EOM Promissory Note liability (as defined in Note 10). On initial recognition the Company recorded the EOM Promissory Note at its estimated fair value of $3,690 using a discount rate of 13% and recorded the difference from the initial proceeds of $2,678 as deferred revenue attributable to the TTLA.

During the year ended September 30, 2025 the Company recognized $528 (2024 - $135) in licensing and R&D services revenue attributable to the distribution agreement and the technology transfer and licensing agreement, including minimum royalties. On December 6, 2024, the China National Medical Products Administration approved EOM’s coronary imaging system which triggered a fourth and final milestone by EOM to the Company and the recognition of $8,358 in licensing and R&D services revenue (Note 10).

(in thousands of Canadian dollars, except per share data)

10. Loans payable

	IAF credit loan (i)	Japan Lifeline Co. revolving line (ii)	Japan Lifeline Co. term loan (iii)	FedDev credit loan (iv)	SOFII credit loan (v)	RRRF credit loan (vi)	EOM note payable (vii)	Total loans payable
Balance - September 30, 2023	**267**	**9,803**	**3,429**	**2,088**	**694**	**544**	**6,342**	**23,167**
Repayment of borrowings	—	—		(310)	(113)	(120)	—	(543)
Interest and accretion expense	9	640	224	139	63	63	979	2,117
Cash interest paid	(10)	—	—	—	(63)	—	—	(73)
Gain on extinguishment	—	—	—	(192)	—	(41)	—	(233)
Loss (gain) on foreign exchange	—	484	169	—	—	—	(11)	642
Balance - September 30, 2024	**266**	**10,927**	**3,822**	**1,725**	**581**	**446**	**7,310**	**25,077**

(in thousands of Canadian dollars, except per share data)

	IAF credit loan (i)	Japan Lifeline Co. revolving line (ii)	Japan Lifeline Co. term loan (iii)	FedDev credit loan (iv)	SOFII credit loan (v)	RRRF credit loan (vi)	EOM note payable (vii)	Total loans payable
Balance - September 30, 2024	**266**	**10,927**	**3,822**	**1,725**	**581**	**446**	**7,310**	**25,077**
Repayment of borrowings	—			(240)	(136)	(120)	—	(496)
Interest and accretion expense	4	703	246	239	51	67	182	1,492
Cash interest paid	—				(52)	—	—	(52)
Loss (gain) on foreign exchange	—	(116)	(41)	—	—	—	375	218
Achievement of fourth milestone as per TTLA (Note 9)	—	—	—	—	—	—	(8,358)	(8,358)
Loss on achievement of fourth milestone as per TTLA (Note 9)	—	—	—	—	—	—	491	491
Balance - September 30, 2025	**270**	**11,514**	**4,027**	**1,724**	**444**	**393**	**—**	**18,372**
Current portion of loans payable	270	—	—	536	180	120	—	1,106
Non-current portion of loans payable	—	11,514	4,027	1,188	264	273	—	17,266
	270	**11,514**	**4,027**	**1,724**	**444**	**393**	**—**	**18,372**

10. Loans payable (continued)

Loan and repayment terms

The loans have been presented in the consolidated financial statements given the loan and repayment terms noted below:

i) MaRS Investment Accelerator Fund Inc. (IAF) performance-based loan payable of $250 bearing interest at 3.8%.

The Company shall be required to make payments of the obligations as follows: (i) as at December 31, 2023, a payment of interest in the amount of $10 and (ii) commencing the fiscal year immediately following a commercialization event and each fiscal year thereafter (until the obligations are repaid in full), a payment equal to 10% of the gross revenue for the preceding fiscal year shall be made by the Company to the lender concurrently with delivery by the Company to the lender of annual consolidated financial statements within 90 days of the end of each fiscal year.

The IAF loan stipulates alternative repayment requirements if the Company sells or licenses all or a portion of the technology being developed, which relates to the Foresight ICE system (the Project Technology). This product is currently not commercially active.

The agreement with IAF stipulates that the Company must maintain a specified asset to trade credit ratio. On February 28, 2025, the requirement was waived by IAF until March 31, 2026 as the Company was non-compliant with this covenant. On February 28, 2025 the Company signed an agreement to convert the loan into monetary rights in respect of the Intellectual Property developed during the course of the Project with Project funds such that if the Company sells the Project Technology the Company must pay the lesser of 25% of the total consideration received or the balance of the loan. In addition, the Company also agreed that over the one year period to February 28, 2026, the Company shall negotiate with the lender in good faith to settle the loan which may include converting the loan into equity. As a result, this loan has been classified as a current liability.

ii) Japan Lifeline Co. revolving line of credit of $7,846 (¥837,300,000) (September 30, 2024 – $7,929 (¥837,300,000)),bearing interest at 6.5% (2024 – 6.50%); accrued interest is compounded annually on June 30 of each year; the loan is secured by a general security agreement.

The Japan Lifeline Co. revolving line of credit is due April 30, 2027 and this credit arrangement is secured by a general security agreement over the assets of the Company. The revolving line of credit is callable following 90 days notice if the lender reasonably judges that the Company will be unable to pay any portion of the obligation due to the financial situation of the Company having dramatically deteriorated or if a material adverse event occurs. As at September 30, 2025, management assesses that these criteria have not been met.

For each fiscal year prior to maturity in which the Company generates positive cash flow from operations, it is required to repay one-half of that amount.

The Company was required to, in good faith, use commercially reasonable efforts to refinance the indebtedness by December 1, 2025. While the Company continues to use commercially reasonable efforts to pursue non-dilutive sources of capital for the Company that could assist in refinancing the indebtedness, the refinancing has not been completed, and based on the Company’s current assessment of

10. Loans payable (continued)

Loan and repayment terms (continued)

market conditions and available refinancing terms, the Company does not currently expect to complete a refinancing of the indebtedness in the near-term.

iii) Japan Lifeline Co. term loan of $2,824 (¥301,428,000) (2024 – $2,855 (¥301,428,000)), bearing interest at 6.5% (2024 – 6.50%); accrued interest is compounded annually on November 30 of each year, and maturing on April 30, 2027; the loan is secured by a general security agreement.

Japan Lifeline Co. term loan is due April 30, 2027 and payments of principal and accrued interest are due at maturity. This credit arrangement is secured by a general security agreement over the assets of the Company.

For each fiscal year prior to maturity in which the Company generates positive cash flow from operations, it is required to repay one-half of that amount.

The Company was required to, in good faith, use commercially reasonable efforts to refinance the indebtedness by December 1, 2025.While the Company continues to use commercially reasonable efforts to pursue non-dilutive sources of capital for the Company that could assist in refinancing the indebtedness, the refinancing has not been completed, and based on the Company's current assessment of market conditions and available refinancing terms, the Company does not currently expect to complete a refinancing of the indebtedness in the near-term.

iv) Federal Economic Development Agency (FedDev) repayable loan of $2,122 (2024 – $2,362) with a stated interest of nil%, maturing on March 1, 2029, which is net of unamortized fair value discount calculated using an effective interest rate of 25%.

The Company was approved for a FedDev repayable contribution and received $3,911 bearing interest at nil% per annum, to support project costs. On January 9, 2024, the repayment terms were amended. The repayment period was extended by 2 years to March 1, 2029. The resulting monthly payment during the period from January 1, 2024, to December 1, 2025, was amended to be $20, and for the period from January 1, 2026, to March 1, 2029, the monthly payment was amended to be $53. The amendment resulted in a gain on extinguishment of loans payable of $193 during the year ended September 30, 2024.

v) Southern Ontario Fund for Investment in Innovation (SOFII) repayable loan of $441 (2024 – $576) bearing interest at 10% per annum, maturing on March 30, 2028; the loan is secured by a general security agreement.

The SOFII loan is repayable in fixed monthly principal and interest payments of $17 and matures on December 30, 2027. On July 24, 2024, SOFII approved the Company's payment relief request whereby only the interest portion of the monthly payments are payable for the months of July, August, and September of 2024. As a result of this adjustment, the loan maturity has been updated to March 30, 2028. The SOFII loan is secured by way of a general security agreement against all assets of the Company, but this loan is subordinate to the security interest of Japan Lifeline Co. discussed above.

10. Loans payable (continued)

Loan and repayment terms (continued)

vi) Regional Relief and Recovery Fund (RRRF) repayable contribution of $508 (2024 – $628) with a stated interest rate of nil%, maturing on December 15, 2029, which is net of unamortized fair value discount calculated using an effective interest rate of 25%.

The RRRF repayable contribution of $898 (2024 – $898), bearing interest at nil% per annum, was repayable in fixed monthly payments of $15 beginning on January 1, 2023 and ending on December 1, 2027. On January 9, 2024, the repayment terms were amended. The repayment period was extended by 2 years to December 1, 2029. The resulting monthly payment during the period from January 1, 2024, to December 1, 2029, was amended to be $10. The amendment resulted in a gain on extinguishment of loans payable of $40 during the year ended September 30, 2024.

vii) East Ocean Medical (Hong Kong) Company Ltd. (EOM) note payable of $nil (US$5,000,000) (2024 – $6,749 (US$5,000,000)) bearing interest at 5% per annum, which is net of unamortized fair value discount calculated using an effective interest rate of 13%.

On November 23, 2020, the Company and EOM signed a US$ 5,000,000 promissory note ("EOM Promissory Note") bearing interest at 8% per annum and decreasing to 5% (upon the signing of the TTLA). The Company received an initial advance of US$2,000,000 on November 27, 2020.

Under terms of the EOM Promissory Note arrangement, upon signing of the TTLA, EOM shall forgive the indebtedness following either (a) the approval of certain products by relevant regulator in China being received prior to the later of (i) September 30, 2025, (ii) mutually agreed-upon date by both parties, or (iii) April 1, 2026; or (b) the approval of certain products by relevant regulator in China is not received by the dates above, but the Company remains compliant with its obligations under the terms of the EOM Promissory Note (the "EOM Promissory Note Forgiveness").

On June 17, 2021, the Company and EOM signed the TTLA which authorizes EOM to manufacture and sell certain products in China. Subsequent to the execution of the TTLA, the Company received the balance of US$3,000,000 under the EOM Promissory Note on July 15, 2021.

As a condition precedent to the TTLA, the parties amended the EOM Promissory Note. EOM will repurchase any outstanding indebtedness owed to it, less amounts paid by the Company, as additional consideration in exchange for being granted the License pursuant to the TTLA. The conditions around the forgiveness of the indebtedness remained the same.

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

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

(in thousands of Canadian dollars, except per share data)

10. Loans payable (continued)

Loan and repayment terms (continued)

The EOM Promissory Note's interest rate of 5% was considered below fair market value. Accordingly, on initial recognition, the Company recorded a fair value adjustment of $2,678 using an effective interest rate of 13% per annum. For the year ended September 30, 2025, the Company recorded interest expense totaling $182 (2024 - $979).

Schedule of loan repayments

Assuming normal repayment terms, the undiscounted future principal repayments of loans payable are as follows:

	Amount
2026	836
2027	935
2028	15,986
2029	437
2030	30
Thereafter	250
	18,474

11. Preferred shares liability

On February 26, 2021, the Company issued 2,664,500 Class A-2 non-voting preferred shares for cash proceeds of $13,790 (US$10,871,162). The Class A-2 non-voting preferred shares were convertible, in whole or in part, at the option of the holder without payment of additional consideration into Class A-1 voting preferred shares provided following such conversion, the holder (together with its affiliates) would hold less than 15% of the votes attached to the issued and outstanding shares of the Company. The holder of Class A-2 non-voting preferred shares could also at their option without any payment of additional consideration convert into non-voting common shares without any conversion restrictions.

On November 10, 2022, the Company issued 2,450,980 Class B-3 non-voting preferred shares and 1,225,490 warrants to purchase Class B-3 non-voting preferred shares for cash proceeds of $13,370 net of financing cost (US$10,000,000). The Class B-3 non-voting preferred shares were convertible, in whole or in part, at the option of the holder without payment of additional consideration into Class B-1 voting preferred shares provided following such conversion, the holder (together with its affiliates) would hold less than 50% of the votes attached to the issued and outstanding shares of the Company. The holder of Class B-3 non-voting preferred shares could also at their option without any payment of additional consideration convert into non-voting common shares without any conversion restrictions.

(in thousands of Canadian dollars, except per share data)

11. Preferred shares liability (continued)

During August, 2023 the Company issued 5,203,995 Class F-2 non-voting preferred shares for cash proceeds of $16,488 net of financing costs and the conversion of a bridge loan plus accrued interests of $407. Dividends on Class F-2 non-voting preferred shares were payable only when, as and if declared by the Board of Directors. Such dividends that are not paid were to accumulate at a rate of 8% per annum.

The Class F-2 non-voting preferred shares were convertible, in whole or in part, at the option of the holder without payment of additional consideration into Class F-1 voting preferred shares provided following such conversion, the holder (together with its affiliates) would hold less than 50% of the votes attached to the issued and outstanding shares of the Company. The holder of Class F-2 non-voting preferred shares could also at their option without any payment of additional consideration convert into non-voting common shares without any conversion restrictions.

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

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

The following tables present changes in the preferred shares liability for the years ended September 30, 2025 and 2024

	Preferred shares			
	Class A-2	**Class B-3**	**Class F-2**	**Total**
Balance, October 1, 2023	**9,030**	**8,157**	**12,557**	**29,744**
Shares issued	—	—	—	—
Accretion of interest	1,466	1,606	2,155	5,227
Accrued dividends	—	—	578	578
Balance, September 30, 2024	**10,496**	**9,763**	**15,290**	**35,549**
Accretion of interest	3,294	3,607	3,191	10,092
Conversion to common shares	(13,790)	(13,370)	(18,481)	(45,641)
Balance, September 30, 2025	—	—	—	—

(in thousands of Canadian dollars, except per share data)

11. Preferred shares liability (continued)

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

12. Warrant liability

Warrants have been issued as part of equity financings and include compensation to agents and brokers of the Company. "Pre-Funded Warrants" are disclosed in Note 13 and are recognized separately.

Issued as part of the Private Placement

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

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

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

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

As all of these warrants have an exercise price in a different currency to the functional currency, they are classified as liabilities. The following table presents the changes in fair value of the common share warrants and common share broker warrants for the year ended September 30, 2025:

Fair value upon close of the Transaction	13,631
Change in fair value of warrant liability	(10,837)
As at September 30, 2025	2,794

(in thousands of Canadian dollars, except per share data)

12. Warrant liability (continued)

The following table summarizes the warrants classified as liabilities outstanding as at September 30, 2025:

Issuance related	Number of warrants outstanding	Exercise price	Term remaining	Expiry date
		US $		
Issued upon close of Private Placement	7,152,841	1.35	4.03	October 11, 2029
Issued upon conversion of 10% secured convertible notes	933,280	1.35	4.03	October 11, 2029
Issued upon conversion of 18% secured convertible notes	8,140,592	1.35	4.03	October 11, 2029
Broker warrants issued on close of the Private Placement	32,693	1.08	1.03	October 11, 2026

The estimated fair value of the warrants is determined using a Black-Scholes option pricing model and Level 3 inputs including stock price, volatility, expected life and risk-free interest rate.

Due to the absence of Company-specific volatility rates, the Company chose comparable companies in a similar industry.

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

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

	September 30, 2025	October 11, 2024
Exercise price	US$1.35	US$1.35
Stock price	$0.67	$1.15
Volatility	66.39%	87.76%
Term (in years)	4.03	5.00
Risk-free rate	2.74%	3.58%

(in thousands of Canadian dollars, except per share data)

12. Warrant liability (continued)

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

	September 30, 2025	October 11, 2024
Exercise price	US$1.08	US$1.08
Stock price	$0.67	$1.15
Volatility	69.90%	87.76%
Term (in years)	1.03	2.00
Risk-free rate	2.47%	3.58%

13. Share capital

The Company is authorized to issue an unlimited number of common shares, preferred shares and pre-funded warrants.

	September 30, 2025	September 30, 2024
Common shares		
76,750,086 (2024 - nil) common shares	126,787	—
nil (2024 - 6,162,073) Class A voting common shares.	—	17,552
	126,787	17,552
Preferred shares classified as equity		
nil (2024 – 4,181,894) Class B-1 preferred shares, voting, non-redeemable, non-retractable, convertible at the option of the holder into Class A voting common shares.	—	17,480
nil (2024 – 247,327) Class B-2 preferred shares, voting, non-redeemable, non-retractable, convertible at the option of the holder into Class A voting common shares.	—	896
nil (2024 – 10,000) Class F-1 preferred shares, dividends 8% per annum, voting, non-redeemable, non-retractable, convertible at the option of the holder into Class A voting common shares.	—	32
	—	18,408
Pre-funded warrants		
17,500,000 (2024 - nil) pre-funded warrants	6,116	—
	6,116	—

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

In relation to the issuance of Class B-1 preferred shares a total of 802,279 warrants were issued (Note 14).

On October 8, 2024, CMI closed a private placement of subscription receipts for net proceeds of $10,092 ("Private Placement"). Pursuant to the Private Placement, CMI issued 7,729,300 Subscription

(in thousands of Canadian dollars, except per share data)

13. Share capital (continued)

Receipts at a price of US$1.00 per Subscription Receipt to certain institutional and accredited investors. Upon closing of the Transaction, each Subscription Receipt was automatically exchanged for one common share and one common share purchase warrant of CMI, which common shares and common share purchase warrants were immediately exchanged for common shares and common share purchase warrants of the Company based on an exchange ratio of 0.92542. An aggregate of 7,152,841 Company common shares and 7,152,841 Company common share warrants were issued upon conversion of the Subscription Receipts on the closing of the Transaction. The fair value movement relating to the Subscription Receipts liability prior to the conversion of the Subscription Receipts were deemed immaterial as the issuance closed on October 8, 2024 and the conversion occurred on October 10, 2024.

On closing of the Transaction, the 10% secured convertible notes were converted into 933,280 common shares of the Company and the 18% secured convertible notes were converted into 8,140,592 common shares of the Company. The holders of both the 10% secured convertible notes and the 18% secured convertible notes also received warrants on conversion (Note 12). Refer to Note 27 and Note 28 for further information on the 18% secured convertible note and 10% secured convertible notes.

On April 23, 2025, the Company completed a public offering (the “Equity Offering”), issuing 32,500,000 common shares at $0.40 per common share and 17,500,000 pre-funded common share purchase warrants ("Pre-funded warrants") with no expiry date and an exercise price of $0.00001 for $0.39999 per Pre-funded warrant for gross proceeds of $20,000.

The costs associated with the Equity Offering were $2,009, including cash costs for commissions to the agents of approximately $1,035, professional fees and regulatory costs of $590 and 2,521,050 compensation warrants to the agents with a fair value of $384. Each compensation warrant is exercisable into one common share at an exercise price of $0.40 until expiry on April 23, 2027.

The following table summarizes the warrants classified as equity outstanding as at September 30, 2025:

Related issuance	Number of warrants outstanding	Expiry date	Exercise price	
Equity Offering warrants	2,521,050	April 23, 2027	$	0.40
Pre-funded warrants	17,500,000	N/A	$	0.00001
Former Titan Medical Inc. warrants	2,934	November 6, 2025		US$11.25
Former Titan Medical Inc. warrants	124,935	January 26, 2026		US$50.00

The fair value of the compensation warrant granted was determined using the Black-Scholes option pricing model with the following assumptions: historical volatility of 67.3%, a risk-free interest rate of 2.46%, expected life of two years and an expected dividend of nil%.

The fair value of the compensation warrants was recorded in share issuance costs and pre-funded warrant costs proportionately to the number of each security issued.

(in thousands of Canadian dollars, except per share data)

14. Warrants

In relation to the issuance of Class B-1 preferred shares (Note 13) and Class B-3 preferred shares (Note 11), a total of 1,351,846 warrants were issued during the year ended September 30, 2023. The initial fair value of the Class B-1 preferred share warrants was determined using the Black-Scholes option pricing model with the following assumptions: historical volatility of 47%, a risk-free interest rate of 3.84%, expected life of two years and an expected dividend of nil%.

During the year ended September 30, 2022, in relation to the issuance of Class B-1 preferred shares (Note 13), a total of 675,923 warrants were issued. The initial fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: historical volatility of 45%, a risk-free interest rate of 1.05%, expected life of three years and an expected dividend of nil%.

The following warrants were outstanding at September 30, 2024. All of these warrants were converted to 2,558,698 common shares of the Company upon close of the Transaction (note 1).

Related issuance	Expiry date	Number of Class A common shares entitlements	Exercise price
2023 Class B-1 preferred shares	December 31, 2024	126,356	0.0001
2023 Class B-3 preferred shares	December 31, 2024	1,225,490	0.0001
2022 Class B-1 preferred shares	December 31, 2024	675,923	0.0001
		2,027,769	

15. Stock-based compensation

Effective January 2, 2025 the Company adopted a new stock option plan. Stock options are granted to key employees, directors and consultants determined on an individual basis. A stock option’s term may not exceed ten years and can only be settled with the Company's equity. The stock options typically vest in stages, beginning on the one year anniversary from the date the stock options are granted, provided that the stock option holder is still with the Company. If a stock option holder leaves the Company, the holder has thirty days to elect whether or not to exercise their vested stock options, after which time the stock options expire.

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

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

(in thousands of Canadian dollars, except per share data)

15. Stock-based compensation (continued)

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

	September 30, 2025		September 30, 2024	
	Number of stock options outstanding	Weighted average exercise price	Number of stock options outstanding	Weighted average exercise price
Beginning of year	1,985,418	2.62	2,240,401	2.47
Adjusted as a result of the Transaction	(623,684)	4.87	—	—
Granted	7,133,346	0.44	36,500	0.89
Exercised	—	—	(5,955)	0.93
Issued to Titan Medical Inc. stock option holders on close of Transaction	83,801	16.50	—	—
Expired/forfeited	(1,328,944)	3.82	(285,528)	1.26
End of year	7,249,937	0.84	1,985,418	2.62

Stock-based compensation expense for the year ended September 30, 2025 was $438 (2024 -$256).

The fair value of the stock options granted during the 2025 period was determined using the Black-Scholes option pricing model with the following assumptions: historical volatility of 83.65%, a risk-free interest rate of 3.08%, expected life of ten years and an expected dividend of nil%.

The fair value of the stock options granted during the 2024 year was determined using the Black-Scholes option pricing model with the following assumptions: historical volatility of 45%, a risk-free interest rate of 3.45%, expected life of ten years and an expected dividend of nil%.

(in thousands of Canadian dollars, except per share data)

15. Stock-based compensation (continued)

The following table summarizes the options outstanding as at September 30, 2025:

Remaining contractual life (years)	Number of options outstanding	Number of options vested	Number of options unvested
7-8	179,703	132,578	47,125
8-9	343	136	207
9-10	7,069,891	1,017,026	6,052,865
9.51	7,249,937	1,149,740	6,100,197

The following table summarizes the options outstanding as at September 30, 2024:

Remaining contractual life (years)	Number of options outstanding	Number of options vested	Number of options unvested
1-2	20,000	20,000	—
2-3	11,000	11,000	—
3-4	14,375	14,375	—
4-5	109,333	109,333	—
5-6	12,000	12,000	—
7-8	1,548,210	1,150,511	397,699
8-9	232,000	99,614	132,386
9-10	38,500	12,969	25,531
9.51	1,985,418	1,429,802	555,616

16. Government assistance

On March 31, 2022, the Company entered into an agreement with the Province of Ontario for a grant of up to $2,500 to support ongoing scale-up of manufacturing. Of this, $1,769 was received during the year ended September 30, 2024 bringing the total amount received to $1,850. The project has been closed out and no additional funding is outstanding.

(in thousands of Canadian dollars, except per share data)

17. Income Tax

Income tax recovery differs from the amounts that would be obtained by allying the statutory income tax rate to the respective year's net loss as follows:

	September 30, 2025	**September 30, 2024**
Net loss for the year before income taxes	(20,516)	(43,615)
Income tax recovery based on combined federal and provincial statutory rate of 26.5%	(5,437)	(11,558)
Permanent differences and other	(2,329)	4,875
Change in deferred tax assets not recognized	7,766	6,683
	—	—

(in thousands of Canadian dollars, except per share data)

17. Income Tax (continued)

Deferred tax assets (liabilities) and unrecognized deductible temporary differences at September 30, 2025 and September 30, 2024 are comprised of the following:

Deferred Tax Assets	**September 30, 2025**	**September 30, 2024**
Lease liabilities	407	335
Property and equipment and intangible assets	445	477
Investment tax credits from SR&ED expenditures	2,618	19
Pool balance of deductible SR&ED expenditures to be carried forward to future years	655	—
Deferred Tax Liabilities		
Right-of-use assets	(215)	(278)
Tax liability on investment tax credits	(694)	(553)
Unrealized foreign exchange gains or losses	(3,216)	—
Net deferred tax asset (liability)	—	—
Unrecognized deferred tax assets		
Unrealized foreign exchange gains or losses	—	171
Investment tax credits from SR&ED expenditures	—	2,067
Pool balance of deductible SR&ED expenditures to be carried forward to future years	8,366	6,180
Financing fees	431	87
Ontario Research and Development	544	220
Other	246	25
Non-capital losses carried forward	144,789	23,431
Total unrecognized deferred tax assets	**154,376**	**32,181**

The Company has non-capital income tax loss carry-forwards, which may be carried forward to apply against future income for Canadian income tax purpose, subject to the final determination by tax authorities, expiring in the following years:

(in thousands of Canadian dollars, except per share data)

17. Income Tax (continued)

Expiry date	**Amount**
2028	1
2029	11
2030	2,968
2031	15,048
2032	15,249
2033	20,492
2034	63,179
2035	42,467
2036	31,920
2037	63,289
2038	91,280
2039	7,025
2040	43,788
2041	54,037
2042	8,030
2043	23,629
2044	24,183
2045	39,779
	546,375

18. Commitments and contingencies

License Agreement

The Company has entered into technology license agreement with Sunnybrook Health Sciences Centre ("Sunnybrook") under which it licenses certain intellectual property and has the right to develop and commercialize certain intellectual property. The agreement requires the Company to pay a minimum annual royalty of $50, and a royalty of 1% on direct sales and 2% on sales through a third party distributors. In addition, in the event of a sub-licensing transaction, there are sub-licensing fees payable to Sunnybrook of 25% based on the consideration received as part of a sub-licensing transaction. During the year ended September 30, 2025, $50 was recorded in relation to the minimum annual royalty requirement (2024 - $50).

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, 2025, $nil was recorded in relation to legal claims (September 30, 2024 - $nil).

(in thousands of Canadian dollars, except per share data)

18. Commitments and contingencies (continued)

Indemnification

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.

19. Nature of expenses

	Years ended	
	September 30, 2025	**September 30, 2024**
Inventoried materials	1,435	1,739
Research and development expenses	10,185	14,165
Salaries and benefits	7,186	8,066
Stock-based compensation expense	438	256
Business development, marketing, and directors' fees	949	571
Professional fees	1,219	2,847
Occupancy	118	469
Insurance	359	156
Computers and software	135	110
Amortization and depreciation	813	987
Other expenses	1,402	1,092
Government assistance, sponsorship, and grants	—	(1,796)
Investment tax credit recovery	(265)	(268)
	23,974	28,394

(in thousands of Canadian dollars, except per share data)

20. Net finance costs

	Years ended	
	September 30, 2025	**September 30, 2024**
Interest income	(141)	(254)
Other income	(101)	—
Gain on extinguishment of loans payable	—	(233)
Interest and accretion expense	11,686	8,016
Net foreign exchange losses	70	550
	11,514	8,079

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

21. Revenue recognition

On June 17, 2021, the Company and EOM entered into the TTLA, which enables EOM to commercialize the EOM Intravascular Imaging System and its improvements, which is a local version of the Company's Canadian developed and manufactured product, and derivative products (the "Licensed Products") within China, Hong Kong, Macau and Taiwan (the "Territory") by granting to EOM a royalty-bearing license of its rights in respect of the technology (i.e. software, data, information, know-how) necessary to commercialize the Licensed Products (the "License"). The TTLA also grants to EOM certain patent rights that are controlled by the Company.

In consideration for the Distribution Agreement and TTLA, EOM agreed to pay to the Company certain milestone payments in accordance with the completion of certain events. Further, EOM agreed to pay to the Company certain tiered royalty payments, ranging from 6.5%-10% of 75% of amounts invoiced to customers by EOM from the commercialization of the Licensed Products (the "Royalties"), provided that EOM shall pay a minimum non- refundable annual royalty of US$250,000, which shall be creditable against the royalties otherwise due pursuant to the TTLA.

The Company also agreed, via the TTLA, to create a new class of preferred shares (called "Class E preferred shares") and to convert all pre-existing Class C preferred shares held by EOM under the Distribution Agreement into the Class E preferred shares. The Class E preferred shares will be repurchased for $nil cash consideration by the Company upon achieving certain milestones as discussed below.

Under the TTLA, the parties agreed to the following four milestones:

Milestone 1 – Providing the Company's documents to EOM related to the Novasight Hybrid System. This milestone was completed in August 2021 and the Company repurchased 1,348,039 Class E preferred shares for $nil cash consideration.

Milestone 2 – Submission of regulatory materials to the relevant regulator in China for the marketing approval of the Novasight Hybrid System. This milestone was completed in August 2022 and the Company repurchased 367,647 Class E preferred shares for $nil cash consideration.

21. Revenue recognition (continued)

Milestone 3 – Obtaining marketing approval of the Novasight Hybrid System by the relevant regulator in China. This milestone was completed in August 2023 and the Company repurchased 379,260 Class E preferred shares for $nil cash consideration.

Milestone 4 – Either (a) the approval of Licensed Products by relevant regulator in China being received prior to the later of (i) September 30, 2025, (ii) mutually agreed-upon date by both parties, or (iii) April 1, 2026; or (b) the approval of Licensed Products by relevant regulator in China is not received by the dates above, but the Company remains compliant with its obligations under the terms of the EOM Promissory Note. On December 6, 2024, the China National Medical Products Administration approved EOM's coronary imaging system which triggered the fourth and final milestone by EOM to the Company and the recognition of $8,358 in licensing and R&D services revenue (Note 9).

The Company concluded that EOM is a customer for purposes of the TTLA. Further, the Company concluded that the TTLA and the EOM Promissory Note shall be combined and accounted for as a single contract. The Company identified one promised good and service under the TTLA— namely, the grant of the license of intellectual property and know-how related to the Licensed Products, which has been identified as the sole distinct performance obligation. In order to evaluate which promised goods and services were capable of being distinct and distinct within the context of the TTLA, management considered the TTLA's exclusivity provisions and the ability for EOM to benefit from the License on its own or together with other readily available resources.

Receipt of the first milestone payment was deemed to be entirely within the Company's control, and, accordingly, was included in the initial transaction price and recognized immediately on execution of the TTLA. All other milestone payments were excluded from the transaction price. Sales-based royalties were also excluded from the transaction price, as the royalties relate only to a license of intellectual property. The Company will recognize royalty revenue when the later of the following events occurs: the subsequent sales occur; or when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). Management will reevaluate the transaction price at the end of each reporting period and as uncertain events are resolved or other changes in circumstances occur and will adjust the transaction price as necessary.

The Company allocated the transaction price to the single performance obligation noted above and on initial recognition of a deferred revenue liability of $2,678 was recognized. The Company started recognizing the deferred revenue as licensing and R&D services revenue once the fourth milestone was achieved (Note 9).

During the year ended September 30, 2025, the Company recognized licensing and R&D services revenue of $8,886 (2024 - $135) (consisting of deferred licensing and R&D revenue of $441 (2024 - $135), deferred royalty revenue of $87 (2024 - $nil) and EOM licensing revenue of $8,358 (2024 - $nil) related to completion of the fourth milestone).

(in thousands of Canadian dollars, except per share data)

22. Loss per common share

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

	September 30, 2025	September 30, 2024
Net loss for the year	20,516	43,615
Weighted average number of Class A common shares		6,160,572
Weighted average number of common shares	57,509,992	
Basic and diluted loss per common share	0.36	7.08

For the year ended September 30, 2025, the computation of diluted loss per common share is equal to the basic loss per common share due to the anti-dilutive effect of the stock options, warrants and pre-funded warrants.

For the year ended September 30, 2024, the computation of diluted loss per Class A common share is equal to the basic loss per Class A common share due to the anti-dilutive effect of the preferred shares, stock options and warrants.

23. Financial instruments

At September 30, 2025, the Company's principal financial liabilities comprise accounts payable and accrued liabilities, loans payable, lease liabilities and warrant liability. The main purpose of these financial liabilities is to finance the Company's operations. At September 30, 2025, the Company's principal financial assets include cash and cash equivalents and accounts receivable and other receivables.

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions denominated in foreign currencies for which the outstanding balances are subject to exchange rate fluctuations. The Company does not use derivatives to reduce exposure to foreign currency risk. As at September 30, 2025, the following items were denominated in foreign currencies:

(in thousands of Canadian dollars, except per share data)

23. Financial instruments (continued)

Foreign currency risk

	September 30, 2025	**September 30, 2024**
Cash – USD	73	324
Accounts receivable and other receivables – USD	355	360
Accounts payable and accrued liabilities – USD	1,454	3,761
18% secured convertible notes - USD	—	19,082
10% secured convertible notes - USD	—	2,205
Loans payable – USD	—	7,310
Loans payable – JPY	15,542	14,749

At September 30, 2025, the impact on profit or loss of a 10% increase or decrease in the US dollar against the Canadian dollar would be approximately \$103. The impact on profit or loss of a 10% increase or decrease in the Japanese Yen would be approximately \$1,554.

Liquidity risk

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

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

As at September 30, 2025, the Company had a working capital surplus of \$58 (2024 – \$(24,665) deficit). The Company has no significant source of operating cash flows at this time and has significant cash requirements in order to reach sustainable commercial production, continue research and development activities and pay for administrative overhead.

The following table summarizes the undiscounted contractual maturities, including interest, of the Company's non-derivative financial liabilities as at September 30, 2025:

(in thousands of Canadian dollars, except per share data)

23. Financial instruments (continued)

Liquidity risk (continued)

	Carrying amount	Future cash flows	Less than 1 year	Years two and three	Years four and five	Thereafter
Accounts payable and accrued liabilities	2,905	2,905	2,905	—	—	—
Lease liabilities	1,534	1,676	882	678	116	—
Loans payable	18,372	21,007	726	19,355	656	270
	22,811	25,588	4,513	20,033	772	270

The following table summarizes the undiscounted contractual maturities of the Company's non-derivative financial liabilities as at September 30, 2024:

	Carrying amount	Future cash flows	Less than 1 year	Years two and three	Years four and five	Thereafter
Accounts payable and accrued liabilities	5,998	5,998	5,998	—	—	—
18% secured convertible notes	19,082	6,847	6,847	—	—	—
10% secured convertible notes	2,205	1,347	1,347	—	—	—
Lease liabilities	1,263	1,454	335	660	459	—
Loans payable	25,077	30,103	579	27,884	1,296	344
	53,625	45,749	15,106	28,544	1,755	344

The 18% and 10% secured convertible notes cash flows reflect only the cash outflow that would result in settlement of the debt at maturity through repayment and not the effects of conversion as these would not lead to a cash outflow. The preferred shares liability (Note 11) is not included in the tables above as there are no circumstances where the Company would be expected to deliver cash.

Interest rate risk

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

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

(in thousands of Canadian dollars, except per share data)

23. Financial instruments (continued)

Credit risk

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

The Company's accounts receivable and other receivables are not subject to a significant amount of credit risk. The Company routinely assesses the financial strength of its customers and, as a consequence, believes its accounts receivable and other receivables' credit risk exposure is limited. Accounts receivable and other receivables past due represent amounts not collected beyond the customer's contractual terms. The Company applies the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected credit losses for all accounts receivable and other receivables. As at September 30, 2025, there was $99 in accounts receivable and other receivables that were past due (2024 – $131) but still considered collectible.

Fair value

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

	September 30, 2025		September 30, 2024	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Cash and cash equivalents	5,841	5,841	436	436
Accounts receivable and other receivables	407	407	670	670
Financial liabilities				
Accounts payable and accrued liabilities	2,905	2,905	5,998	5,998
Lease liabilities	1,534	1,534	1,263	1,263
Loans payable	18,372	18,372	25,077	25,077
18% secured convertible notes	—	—	19,082	19,082
10% secured convertible notes	—	—	2,205	2,205
Preferred shares liability	—	—	35,549	14,096

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

23. Financial instruments (continued)

Fair value (continued)

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

The 18% and 10% secured convertible notes are accounted for at fair value through profit or loss as a result of the embedded conversion options. As such, the carrying value and fair value are the same. For further information on the inputs to the fair value measurements, which represent Level 3 fair value measurements owing to unobservable inputs used in the valuation, refer to Note 27 and Note 28.

Loans payable and preferred shares liability are carried at amortized cost using the effective interest rate method. The Company has determined that changes in interest rates and in the Company's assessment of its credit rating since origination of these financial liabilities has not resulted in a consequential change in the fair values of the loans payable. The preferred shares were issued in 2023, and as at September 30, 2024 the estimated fair value of the preferred share liability was approximately $14,096 which takes account of the dilution from the subsequent issuance of secured convertible notes. The estimated fair value (using inputs based on Level 3 of the fair value hierarchy) of the preferred shares liability took into account estimates about the probability of the preferred shares being exchanged as a consequence of the expected Transaction and the potential exchange ratio in reference to the value of the common shares. In management's judgment a market participant would take this into account as at September 30, 2024 given the announced Transaction and its related status. The preferred shares liability is non-cash settleable but is recorded as an amortized cost financial liability subsequent to initial recognition because there are multiple holder contingent conversion options into common shares. Given there is significant doubt over the use of the going concern basis it is possible that, to the extent adverse changes were to occur, that the settlement amounts could vary significantly from the estimated fair value amounts disclosed above.

24. Capital management

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to provide returns for shareholders and benefits for other stakeholders by ensuring it has sufficient cash resources to fund its research and development activities, to pursue its commercialization efforts and to maintain its ongoing operations. The Company includes its share capital, deficit, loans payable, preferred shares liability, warrant liability, 18% and 10% secured convertible notes in the definition of capital.

(in thousands of Canadian dollars, except per share data)

24. Capital management (continued)

A summary of the Company's capital structure is as follows:

	September 30, 2025	**September 30, 2024**
Common shares	126,787	17,552
Preferred shares classified as equity	—	18,408
Pre-funded warrants	6,116	—
Deficit	(167,001)	(146,485)
Loans payable	18,372	25,077
Preferred shares liability	—	35,549
Warrant liability	2,794	—
18% secured convertible notes	—	19,082
10% secured convertible notes	—	2,205
	(12,932)	(28,612)

25. Segment reporting

Description of segment

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

Information on revenue

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

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

(in thousands of Canadian dollars, except per share data)

25. Segment reporting (continued)

Information on revenue (continued)

	September 30, 2025	September 30, 2024
Revenue streams		
Product	236	2,026
Licensing and R&D services	8,886	135
Total revenues	9,122	2,161
Geographical area		
Canada	—	4
North America (excluding Canada)	5	84
Asia	9,117	2,073
Total revenue	9,122	2,161

Geographical location of non-current assets

All non-current assets are in Canada.

26. Related party transactions

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

	September 30, 2025	September 30, 2024
Salaries and employee benefits	1,101	992
Directors' fees	595	271
Share-based compensation	346	215
	2,042	1,478

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

27. 18% secured convertible notes

During 2024, the Company issued secured convertible notes for aggregate gross proceeds of US$4,999,622 bearing interest at 18% per annum and which mature on May 13, 2025 ("18% secured convertible notes"). Upon closing of the Transaction these instruments were converted into common shares and warrants of the Company at a discount of 40% to the terms of the Private Placement. The 18% secured convertible notes were

(in thousands of Canadian dollars, except per share data)

27. 18% secured convertible notes (continued)

secured by way of a general security agreement against all assets of the Company, but were subordinated to the security interests of certain holders of loans payable. Interest was payable at a rate of 18% until maturity or conversion into common shares and warrants on the same basis as the host notes.

The 18% secured convertible notes were denominated in US dollars and had variable conversion rights. On conversion the instruments issuable was determined based on the Transaction. At initial recognition, based on management's current judgment common shares and warrants were to be issuable on a contingent financing conversion event. As such, the entire 18% secured convertible notes were designated at fair value through profit or loss with changes in fair value recorded immediately in net loss except for the impact of changes in own credit risk (if significant) recorded in other comprehensive income (loss). On initial recognition an amount of $3,400 was recorded in equity for the difference between the initial recognition amount of the 18% secured convertible notes and the proceeds reflecting a distribution to investing shareholders. The 18% secured convertible notes were classified as a current liability as they were scheduled to mature on May 13, 2025 if not previously converted. During the year ended September 30, 2024, 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. Changes in own credit risk since initial recognition were not significant.

The following tables present changes in fair value of the 18% secured convertible notes liability for the year ended September 30, 2024:

Cash proceeds received	**6,847**
Initial fair value adjustment recognized in equity	3,400
Change in fair value	8,835
Balance, September 30, 2024	**19,082**

Upon close of the Transaction, the 18% secured convertible notes were converted into common shares and warrants of the Company (Note 12 and Note 13).

The Company's 18% secured convertible notes were classified as Level 3 in the fair value hierarchy.

(in thousands of Canadian dollars, except per share data)

27. 18% secured convertible notes (continued)

Description of significant unobservable inputs to the valuation at September 30, 2024

Valuation technique	Significant unobservable inputs	Range/point estimate (weighted average)	Sensitivity of the input to fair value of the secured convertible notes
Binomial option pricing model for secured convertible notes. Black-Scholes option pricing model inputs for warrants.	Estimated probabilities.	Titan transaction will close with certainty by October 11, 2024 and October 15, 2024	The Company assumed that the transaction with Titan would close at September 30, 2024 and therefore no reasonable change in the assumption in the period in which the transaction was expected to close would significantly change the fair value.
	Nature of the concurrent financing and the related share price of the concurrent financing.	Concurrent financing includes the issuance of subscription receipts a price of US$1.00 per subscription receipt which is automatically exchanged for one common share and one common share purchase warrant up closing of the Transaction.	The nature of the concurrent financing and the related share price of the concurrent financing was considered final at September 30, 2024 and therefore no reasonable change in the assumption in the period in which the transaction was expected to close would significantly change the fair value.
	Volatility rates.	87.76% - 102.75%	10% increase (decrease) in these inputs would result in a change in fair value of $556 and $(617).

28. 10% secured convertible notes

On August 30, 2024 the Company closed an additional financing arrangement (the "10% secured convertible notes") pursuant to which the Company issued secured convertible notes with an aggregate principal amount of US$1,000,000 bearing interest at 10% per annum and which were to mature on May 13, 2025. Upon closing of the Transaction these instruments were converted into common shares and warrants of the Company at the same terms of the Private Placement. This arrangement was secured by way of a general security agreement against all assets of the Company. Interest was payable at a rate of 10% until maturity or conversion into common shares and warrants on the same basis as the host notes.

(in thousands of Canadian dollars, except per share data)

28. 10% secured convertible notes (continued)

The 10% secured convertible notes were denominated in US dollars and had variable conversion rights. On conversion the instruments issuable was determined based on the Transaction. At initial recognition, based on management's judgment, common shares and warrants were to be issuable on a contingent financing conversion event. As such, the entire 10% secured convertible notes were designated at fair value through profit or loss with changes in fair value recorded immediately in net loss except for the impact of changes in own credit risk (if significant) recorded in other comprehensive income (loss). On initial recognition an amount of $390 was recorded in equity for the difference between the initial recognition amount of the 10% secured convertible notes and the proceeds reflecting a distribution to investing shareholders. The 10% secured convertible notes were classified as a current liability as it was scheduled to mature on May 13, 2025. During the year ended September 30, 2024, 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. Changes in own credit risk since initial recognition were not significant.

The following tables present changes in fair value of the 10% secured convertible notes liability for the year ended September 30, 2024:

Cash proceeds received	**1,347**
Initial fair value adjustment recognized in equity	390
Change in fair value	468
Balance, September 30, 2024	**2,205**

Upon close of the Transaction, the 10% secured convertible notes were converted into common shares and warrants of the Company (Note 12 and Note 13).

The Company's 10% secured convertible notes were classified as Level 3 in the fair value hierarchy.

(in thousands of Canadian dollars, except per share data)

28. 10% secured convertible notes (continued)

Description of significant unobservable inputs to the valuation at September 30, 2024

Valuation technique	Significant unobservable inputs	Range/point estimate (weighted average)	Sensitivity of the input to fair value of the secured convertible notes
Binomial option pricing model for secured convertible notes. Black-Scholes option pricing model inputs for warrants.	Estimated probabilities	Titan transaction will close with certainty by October 11, 2024 and October 15, 2024	The Company assumed that the transaction with Titan would close at September 30, 2024 and therefore no reasonable change in the assumption in the period in which the transaction was expected to close would significantly change the fair value.
	Nature of the concurrent financing and the related share price of the concurrent financing.	Concurrent financing includes the issuance of subscription receipts a price of US$1.00 per subscription receipt which is automatically exchanged for one common share and one common share purchase warrant up closing of the Transaction.	The nature of the concurrent financing and the related share price of the concurrent financing was considered final at September 30, 2024 and therefore no reasonable change in the assumption in the period in which the transaction was expected to close would significantly change the fair value.
	Volatility rates	87.8%	10% increase (decrease) in these inputs would result in a change in fair value of $64 and $(71).

29. Subsequent Events

On October 6, 2025 the Company entered into an agreement with the Province of Ontario as part of the Life Sciences Scale-Up Fund ("LSSUF").

LSSUF provides financial support to help small-to-medium sized enterprises based in Ontario to scale up the life sciences sector. As part of the agreement, the Company is eligible to receive up to $2,500 over the course of the project to cover up to one-third of eligible project costs related to the commercial launch of the next-generation Novasight Hybrid™ system, subject to certain requirements.