

CONAVI MEDICAL CORP.

Interim condensed consolidated financial statements (unaudited)
As at and for the three months ended December 31, 2025

CONAVI MEDICAL CORP.

Three months ended December 31, 2025 and 2024

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CONAVI MEDICAL CORP.

Interim condensed consolidated statements of financial position

As at December 31, 2025, and September 30, 2025

(unaudited - Expressed in thousands of Canadian dollars)

		December 31, 2025	September 30, 2025
	Note		
Assets			
Current assets			
Cash and cash equivalents		971	5,841
Restricted cash	19	959	—
Accounts receivable and other receivables		381	407
Inventory	4	71	341
Prepaid expenses, supplier deposits and other assets		3,063	1,415
Investment tax credits recoverable		326	265
Total Current Assets		5,771	8,269
Property and equipment	5	1,175	1,208
Intangible assets	6	2,211	2,155
Right-of-use assets	7	682	811
Total Assets		9,839	12,443
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		4,947	2,905
Financing liability	19	959	—
Current portion of deferred revenue	8	519	606
Current portion of loans payable	9	1,129	1,106
Lease liabilities	7	598	800
Warrant liability	10	1,423	2,794
Total Current Liabilities		9,575	8,211
Long term liabilities			
Deferred revenue	8	4,131	4,261
Loans payable	9	16,284	17,266
Lease liabilities	7	603	734
Total Liabilities		30,593	30,472
Shareholders' Deficiency			
Common shares	11	126,787	126,787
Pre-funded warrants	11	6,116	6,116
Contributed surplus		16,466	16,232
Cumulative translation adjustment		(417)	(163)
Deficit		(169,706)	(167,001)
Total Shareholders' Deficiency		(20,754)	(18,029)
Total Liabilities and Shareholders' Deficiency		9,839	12,443

Going concern (Note 2)

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

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of loss and comprehensive loss

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars except per share amounts)

		December 31, 2025	December 31, 2024
Licensing and R&D services revenue	Note 8	218	8,392
Product revenues		—	242
		<u>218</u>	<u>8,634</u>
Cost of sales		—	1,548
Gross profit		218	7,086
Operating expenses	14		
Research and development		2,387	4,654
General and administrative		2,433	1,722
Depreciation and amortization	5, 6 & 7	186	209
Other expenses		356	232
Total operating expenses		5,362	6,817
Operating loss (income)		5,144	(269)
Net finance costs (income)	15	(1,068)	10,785
Change in fair value of warrant liability	10	(1,371)	(8,468)
Listing expense		—	4,987
Net loss		2,705	7,035
Other comprehensive loss			
Foreign currency translation adjustment - net of tax		254	554
Net loss and comprehensive loss for the period		2,959	7,589
Loss per share common	16		
Basic and diluted loss per common share		0.04	0.18

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

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of changes in shareholders' deficiency

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

	Note	Common Shares		Pre-Funded		Contributed surplus	Cumulative Translation Adjustment	Deficit	Total
		Number of Shares	Amount	Number of Shares	Amount				
Balance at October 1, 2025		76,750,086	126,787	17,500,000	6,116	16,232	(163)	(167,001)	(18,029)
Stock-based compensation	12	—	—	—	—	234	—	—	234
Cumulative translation adjustment		—	—	—	—	—	(254)	—	(254)
Net loss for the period		—	—	—	—	—	—	(2,705)	(2,705)
Balance, December 31, 2025		76,750,086	126,787	17,500,000	6,116	16,466	(417)	(169,706)	(20,754)

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of changes in shareholders' deficiency

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

	Common Shares		Common A		Preferred Shares		Warrant Reserve	Contributed surplus	Cumulative Translation Adjustment	Deficit	Total	
	Note	Number of Shares	Amount	Number of Shares	Amount	Number of Shares						Amount
Balance at October 1, 2024		—	—	6,162,073	17,552	4,439,221	18,408	4,173	20,691	(172)	(146,485)	(85,833)
Conversion of Class A common shares of CMI into common shares of the Company		4,226,368	17,552	(6,162,073)	(17,552)	—	—	—	—	—	—	—
Issuance of common shares to Titan shareholders		4,707,587	6,150	—	—	—	—	—	—	—	—	6,150
Conversion of CMI preferred shares liability warrants to common shares on close of the Transaction		1,546,359	—	—	—	—	—	—	—	—	—	—
Conversion of CMI preferred shares warrants to common shares on close of the Transaction		1,012,339	4,173	—	—	—	—	(4,173)	—	—	—	—
Issuance of common shares on conversion of CMI preferred share liability		10,961,118	45,641	—	—	—	—	—	—	—	—	45,641
Issuance of common shares on conversion of CMI preferred shares		5,569,602	18,408	—	—	(4,439,221)	(18,408)	—	—	—	—	—
Issuance of common shares in connection with CMI private placement net of transaction cost		7,152,841	9,172	—	—	—	—	—	(4,697)	—	—	4,475

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of changes in shareholders' deficiency

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

	Note	Common Shares		Common A		Preferred Shares		Warrant Reserve	Contributed surplus	Cumulative Translation Adjustment	Deficit	Total
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					
Issuance of common shares upon conversion of CMI 18% secured convertible notes		8,140,592	12,225	—	—	—	—	—	—	—	—	12,225
Issuance of common shares upon conversion of CMI 10% secured convertible notes		933,280	1,419	—	—	—	—	—	—	—	—	1,419
Stock-based compensation	12	—	—	—	—	—	—	—	65	—	—	65
Cumulative translation adjustment		—	—	—	—	—	—	—	—	(554)	—	(554)
Net loss for the period		—	—	—	—	—	—	—	—	—	(7,035)	(7,035)
Balance at December 31, 2024		44,250,086	114,740	—	—	—	—	—	16,059	(726)	(153,520)	(23,447)

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

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of cash flows
For the three months ended December 31, 2025 and 2024
(unaudited - Expressed in thousands of Canadian dollars)

		December 31, 2025	December 31, 2024
	Note		
Cash flows used in operating activities:			
Loss for the period		(2,705)	(7,035)
Items not affecting cash:			
Depreciation of property and equipment	5	63	82
Amortization of intangible assets	6	59	62
Depreciation of right-of-use assets	7	64	64
Interest accrued and accretion expense	15	329	11,072
Stock-based compensation	12	234	65
Impairment of property and equipment		—	137
Net loss on disposal of property and equipment		—	95
Unrealized foreign exchange gain		(1,216)	(201)
Change in fair value of warrant liability	10	(1,371)	(8,468)
Listing expense		—	4,987
Deferred revenue		(88)	—
Other income		(21)	
Non-cash licensing and R&D services revenue		(218)	(8,392)
		<u>(4,870)</u>	<u>(7,532)</u>
Changes in working capital accounts:			
Inventories		270	1,506
Accounts receivable and other receivables		26	329
Investment tax credits recoverable		(60)	(64)
Accounts payable and accrued liabilities		2,043	(2,780)
Prepaid expenses and supplier deposits		(1,649)	(177)
Net cash used in operating activities		<u>(4,240)</u>	<u>(8,718)</u>
Cash flows from (used in) investing activities:			
Purchase of property and equipment	5	(30)	(29)
Purchase of intangible assets	6	(115)	(14)
Proceeds from the Transaction		—	3,753
Total cash from (used in) investing activities		<u>(145)</u>	<u>3,710</u>

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Interim condensed consolidated statements of cash flows
For the three months ended December 31, 2025 and 2024
(unaudited - Expressed in thousands of Canadian dollars)

		December 31, 2025	December 31, 2024
Cash flows from (used in) financing activities:			
Payment of lease liabilities	7	(266)	(255)
Payment of loans payable and interest	9	(219)	(175)
Proceeds from private placement		—	10,092
Net cash flows from (used in) financing activities		<u>(485)</u>	<u>9,662</u>
Increase (decrease) in cash and cash equivalents		(4,870)	4,654
Cash and cash equivalents, beginning of the period		<u>5,841</u>	<u>436</u>
Cash and cash equivalents, end of period		<u>971</u>	<u>5,090</u>

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

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

1. Nature of operations

Conavi Medical Inc. (“CMI”) was incorporated in 2007, initially under the name Colibri Technologies Inc. CMI develops image guidance technologies for use in minimally invasive medical procedures with an initial focus in cardiology.

On October 11, 2024, CMI closed its reverse take-over transaction (the “Transaction”) with Titan Medical Inc., which was renamed in connection with the Transaction as Conavi Medical Corp. (which, together with its subsidiaries, is defined herein as the Company). Under the Transaction, a wholly-owned subsidiary of the Company amalgamated with CMI and CMI shareholders received common shares of the Company. Prior to its Transaction with CMI, the Company was formed by amalgamation under the *Business Corporations Act* (Ontario) on July 28, 2008 (as Titan Medical Inc.).

The head office of CMI and the Company is located at 293 Lesmill Rd, North York, ON M3B 2V1, Canada.

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 on a going concern basis, which contemplates the realization of assets and settlement of liabilities as they come due and in the normal course of business for the foreseeable future.

The Company incurred a net loss of \$2,705 for the three months ended December 31, 2025 (December 31, 2024 - \$7,035) and reported a deficit of \$169,706 (September 30, 2025 - \$167,001) as at that date. In addition, cash used in operating activities was \$4,240 for the three months ended December 31, 2025 (December 31, 2024 - \$8,718). The Company had \$971 in cash and cash equivalents as at December 31, 2025 (September 30, 2025 - \$5,841).

Notwithstanding the additional funds raised subsequent to December 31, 2025 (Note 20), 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 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.

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

2. Going concern (continued)

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

3. Material accounting policies

Basis of preparation

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

IAS 34 Interim Financial Reporting. These interim condensed consolidated financial statements are presented in thousands of Canadian dollars and should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2025, which were prepared in accordance with IFRS Accounting Standards.

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with the policies and methods set out in the Company's annual consolidated financial statements for the year ended September 30, 2025. The Board of Directors approved these interim condensed consolidated financial statements on February 25, 2026.

Future accounting pronouncements

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

- 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.

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

3. Material accounting policies (continued)

Future accounting pronouncements (Continued)

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

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

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

Use of estimates and judgements

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

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

There have been no material changes to the nature of estimates and judgements reported in the Company's consolidated financial statements for the year ended September 30, 2025.

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

4. Inventories

	December 31, 2025	September 30, 2025
Components and parts	71	307
Work-in-progress	—	34
	<u>71</u>	<u>341</u>

Included in inventory is an inventory provision due to estimated net realizable value below cost in the amount of \$795 for the three months ended December 31, 2025 (September 30, 2024 - \$795). Inventory consumed in cost of sales amounted to \$nil for the three months ended December 31, 2025 (three months ended December 31, 2024 - \$266).

Inventories consumed in research and development during the three months ended December 31, 2025, amounted to \$nil (three months ended December 31, 2024 - \$151).

The Company increased its inventory provision by \$nil during the three months ended December 31, 2025 (three months ended December 31, 2024 - \$1,232).

There were no other inventory write downs charged to cost of sales during the three months ended December 31, 2025 and December 31, 2024.

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

5. Property and equipment

	Leasehold Improvements	Lab Equipment	Computers	Furniture & Fixtures	Sales & Marketing Equipment	Demonstration Equipment	Total
Cost							
Balance as at October 1, 2025	1,152	2,432	617	322	39	381	4,943
Additions	—	19	11	—	—	—	30
Balance as at December 31, 2025	1,152	2,451	628	322	39	381	4,973
Accumulated Depreciation							
Balance as at October 1, 2025	809	1,676	578	252	39	381	3,735
Depreciation	19	35	6	3	—	—	63
Balance as at December 31, 2025	828	1,711	584	255	39	381	3,798
Net book value as at December 31, 2025	324	740	44	67	—	—	1,175

During the three months ended December 31, 2025, the Company recognized an impairment related to its demonstration units in the amount of \$nil (three months ended December 31, 2024 – \$137).

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

6. Intangible assets

	Patents	Software	Total
Cost			
Balance as at October 1, 2025	3,482	2,175	5,657
Additions	115	—	115
Balance as at December 31, 2025	3,597	2,175	5,772
Accumulated amortization			
Balance as at October 1, 2025	1,503	1,999	3,502
Amortization	47	12	59
Balance as at December 31, 2025	1,550	2,011	3,561
Net book value			
December 31, 2025	2,047	164	2,211

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

7. Leases**Right-of-use assets**

The following tables present changes in right-of-use assets for the Company for the three months ended December 31, 2025

	<u>Buildings</u>
For the Three Months Ended December 31, 2025	
Opening book value	811
Lease modification	(65)
Depreciation	(64)
Closing net book value	<u>682</u>
Balance, December 31, 2025	
Cost	1,518
Accumulated depreciation	(836)
Closing net book value	<u>682</u>

Lease liabilities

The following table present changes in lease liabilities for the Company for the three months ended December 31, 2025

	Buildings	Current	Non-current
Balance, September 30, 2025	1,534	800	734
Lease modification	(86)	—	—
Accretion of interest	24	—	—
Lease payments	(266)	—	—
Foreign exchange	(5)	—	—
Balance, December 31, 2025	<u>1,201</u>	<u>598</u>	<u>603</u>

CONAVI MEDICAL CORP.

Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

7. Leases (continued)**Lease receivables on sub-lease**

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:

	December 31, 2025
Within 1 year	90
1 to 2 years	—
Total undiscounted lease receivable	<u>90</u>
Unearned interest income	<u>(3)</u>
Lease receivable	87
Current	87
Non-current	—
Balance, December 31, 2025	<u><u>87</u></u>

8. Deferred revenue

	December 31, 2025	September 30, 2025
Distribution agreement	2,258	2,321
Technology transfer and licensing agreement	2,392	2,458
Other deferred revenue	—	88
	<u>4,650</u>	<u>4,867</u>
Less: current portion	519	606
Non-current portion	<u><u>4,131</u></u>	<u><u>4,261</u></u>

During the three months ended December 31, 2025 the Company recognized \$218 (three months ended December 31, 2024 - \$34) in licensing and R&D services revenue attributable to the distribution agreement and the technology transfer and licensing agreement, including minimum royalties.

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

9. 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)	Total loans payable
Balance - September 30, 2025	270	11,514	4,027	1,724	444	393	18,372
Repayment of borrowings	—			(113)	(52)	(40)	(205)
Interest and accretion expense	—	179	62	49	10	13	313
Cash interest paid	—	—	—	—	(14)	—	(14)
Loss (gain) on foreign exchange	—	(780)	(273)	—	—	—	(1,053)
Balance - December 31, 2025	270	10,913	3,816	1,660	388	366	17,413
Current portion of loans payable	270	—	—	581	168	110	1,129
Non-current portion of loans payable	—	10,913	3,816	1,079	220	256	16,284
	270	10,913	3,816	1,660	388	366	17,413

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

10. Warrant liability

Warrants have been issued as part of equity financings and include broker warrants to agents of the Company. “Pre-Funded Warrants” are disclosed in Note 12 and are recognized separately.

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 warrant liability for the three months ended December 31, 2025:

As at September 30, 2025	2,794
Change in fair value of warrant liability	(1,371)
As at December 31, 2025	<u><u>1,423</u></u>

The following table summarizes the warrants classified as liabilities outstanding as at December 31, 2025:

Issuance related	Number of warrants outstanding	Exercise price US \$	Term remaining	Expiry date
Issued as part of the private placement of subscription receipts of CMI that took place in connection with the Transaction	7,152,841	1.35	3.78	October 11, 2029
Issued upon conversion of 10% secured convertible notes issued by CMI in fiscal 2024	933,280	1.35	3.78	October 11, 2029
Issued upon conversion of 18% secured convertible notes issued by CMI in fiscal 2024	8,140,592	1.35	3.78	October 11, 2029
Broker warrants issued as part of the private placement of subscription receipts of CMI that took place in connection with the Transaction	32,693	1.08	0.78	October 11, 2026

The estimated fair value of the warrant liability was 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.

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10. Warrant liability (continued)

The following table provides the inputs to the Black-Scholes option pricing model for warrants issued as part of conversion of 10% and 18% secured convertible notes issued by CMI in fiscal 2024 and as part of the private placement of subscription receipts of CMI that took place in connection with the Transaction.

	December 31, 2025
Exercise price	US\$1.35
Stock price	\$0.46
Volatility	68.81%
Term (in years)	3.78
Risk-free rate	2.96

The following table provides the inputs to the Black-Scholes option pricing model for the broker warrants issued as part of the private placement:

	December 31, 2025
Exercise price	US\$1.08
Stock price	\$0.46
Volatility	75.66%
Term (in years)	.78
Risk-free rate	2.58

11. Share capital

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

	December 31, 2025	September 30, 2025
Common shares		
76,750,086 (September 30, 2025 - 76,750,086) common shares	126,787	126,787
	<u>126,787</u>	<u>126,787</u>
Pre-funded warrants		
17,500,000 (September 30, 2025 - 17,500,000) pre-funded warrants	6,116	6,116
	<u>6,116</u>	<u>6,116</u>

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

11. Share capital (continued)

The following table summarizes the warrants classified as equity outstanding as at December 31, 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	124,935	January 26, 2026	US\$50.00

12. 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.

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

	December 31, 2025		December 31, 2024	
	Number of stock options outstanding	Weighted average exercise price	Number of stock options outstanding	Weighted average exercise price
Beginning of period	7,249,937	0.84	1,361,734	2.62
Issued to Titan Medical Inc. stock option holders	—	—	83,801	16.50
Expired/forfeited	(462,979)	0.41	(1,180,665)	3.10
End of period	<u>6,786,958</u>	<u>0.87</u>	<u>264,870</u>	<u>4.87</u>

Stock-based compensation expense for the three months ended December 31, 2025 was \$234 (three months ended December 31, 2024 -\$65).

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Notes to the interim condensed consolidated financial statements

For the three months ended December 31, 2025 and 2024

(unaudited - Expressed in thousands of Canadian dollars)

12. Stock-based compensation (continued)

The following table summarizes the options outstanding as at December 31, 2025:

Remaining contractual life (years)	Number of options outstanding	Number of options vested	Number of options unvested
6-7	178,674	143,173	35,501
7-8	1,029	636	393
8-9	343	157	186
9-10	6,606,912	1,004,276	5,602,636
8.99	6,786,958	1,148,242	5,638,716

13. 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 three months ended December 31, 2025, \$13 was recorded in relation to the minimum annual royalty requirement (December 31, 2024 - \$13).

Claims and legal actions

In the normal course of operations, the Company may be subject to litigation. When appropriate, management will record a provision while it actively pursues its position. When it is the opinion of management that the likelihood and measurability of the potential liability are not determinable, no provision will be recorded. As at December 31, 2025, \$nil was recorded in relation to legal claims (September 30, 2025 - \$nil).

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

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13. Commitments and contingencies (continued)*Indemnification (continued)*

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.

14. Nature of expenses

	Three months ended	
	December 31, 2025	December 31, 2024
Inventoried materials	—	1,548
Research and development expenses	1,761	3,525
Salaries and benefits	1,965	1,672
Stock-based compensation expense	234	65
Business development, marketing, and directors' fees	528	247
Professional fees	408	437
Occupancy	32	106
Insurance	76	96
Computers and software	23	26
Amortization and depreciation	186	208
Other expenses	655	498
Government assistance, sponsorship, and grants	(436)	1
Investment tax credit recovery	(70)	(64)
	<u>5,362</u>	<u>8,365</u>

15. Net finance costs (income)

	Three months ended	
	December 31, 2025	December 31, 2024
Interest income	(21)	(41)
Other income	(22)	—
Interest and accretion expense	329	11,072
Net foreign exchange (gains) losses	(1,354)	(246)
	<u>(1,068)</u>	<u>10,785</u>

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16. Loss per common share

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

	December 31, 2025	December 31, 2024
Net loss for the period	2,705	7,035
Weighted average number of common shares	76,750,086	40,109,921
Basic and diluted loss per common share	0.04	0.18

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

17. 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.

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17. Segment reporting (continued)*Information on revenue (continued)*

	December 31, 2025	December 31, 2024
Revenue streams		
Product	—	242
Licensing and R&D services	218	8,392
Total revenues	<u>218</u>	<u>8,634</u>
Geographical area		
North America (excluding Canada)	—	5
Asia	218	8,629
Total revenue	<u>218</u>	<u>8,634</u>

Geographical location of non-current assets

All non-current assets are in Canada.

18. Related party transactions

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

	December 31, 2025	December 31, 2024
Salaries and employee benefits	416	217
Termination benefits	281	—
Directors' fees	149	98
Share-based compensation	161	51
	<u>1,007</u>	<u>366</u>

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

19. Restricted cash and financing liability

On, January 13, 2026, the Company completed a public offering (Note 20). At December 31, 2025, certain of the funds related to the public offering had been received by the Company in the amount of \$959 and are restricted to being released upon the closing of the public offering.

As of December 31, 2025, the funds are held in a separate interest-bearing account and are classified as restricted cash within current assets, with a corresponding financing liability classified under current liabilities, as the conditions for release were not satisfied at the reporting date.

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20. Subsequent Events

On January 13, 2026, the Company closed an equity offering for aggregate gross proceeds of \$12,000. The Company issued 26,666,670 common shares.

On February 25, 2026 the Company entered a share for debt settlement arrangement with MaRs Investment Accelerator Fund Inc. The Company settled the debt by issuing 75,000 common shares for the outstanding balance of \$270 at December 31, 2025.