CONAVI MEDICAL CORP.

Interim condensed consolidated financial statements (unaudited)
As at and for the three and six months ended March 31, 2026

CONAVI MEDICAL CORP.

Three and six months ended March 31, 2026 and 2025

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CONAVI MEDICAL CORP.
Interim condensed consolidated statements of financial position
As at March 31, 2026, and September 30, 2025
(unaudited - Expressed in thousands of Canadian dollars)

	Note	March 31, 2026	September 30, 2025
Assets			
Current assets			
Cash and cash equivalents		4,493	5,841
Accounts receivable and other receivables		345	407
Inventory	4	76	341
Prepaid expenses, supplier deposits and other assets		4,939	1,415
Investment tax credits recoverable		465	265
Total Current Assets		**10,318**	**8,269**
Property and equipment	5	1,118	1,208
Intangible assets	6	2,254	2,155
Right-of-use assets	7	623	811
Total Assets		**14,313**	**12,443**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		4,426	2,905
Current portion of deferred revenue	8	519	606
Current portion of loans payable	9	863	1,106
Lease liabilities	7	439	800
Warrant liability	10	1,126	2,794
Total Current Liabilities		**7,373**	**8,211**
Long term liabilities			
Deferred revenue	8	4,001	4,261
Loans payable	9	16,376	17,266
Lease liabilities	7	537	734
Total Liabilities		**28,287**	**30,472**
Shareholders' Deficiency			
Common shares	11	137,320	126,787
Pre-funded warrants	11	6,116	6,116
Contributed surplus		17,124	16,232
Cumulative translation adjustment		(40)	(163)
Deficit		(174,494)	(167,001)
Total Shareholders' Deficiency		**(13,974)**	**(18,029)**
Total Liabilities and Shareholders' Deficiency		**14,313**	**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 and six months ended March 31, 2026 and 2025
(unaudited - Expressed in thousands of Canadian dollars except per share amounts)

	Note	For the three months ended March 31, 2026	For the three months ended March 31, 2025	For the six months ended March 31, 2026	For the six months ended March 31, 2025
Licensing and R&D services revenue	8	130	63	348	8,455
Product revenue		—	(5)	—	237
		130	58	348	8,692
Cost of sales		—	(87)	—	1,461
Gross profit		**130**	**145**	**348**	**7,231**
Operating expenses	15				
Research and development		2,383	3,833	4,770	8,487
General and administrative		2,178	1,518	4,611	3,240
Depreciation and amortization	5, 6 & 7	181	201	367	410
Other expenses		(34)	—	322	232
Total operating expenses		**4,708**	**5,552**	**10,070**	**12,369**
Operating loss		**4,578**	**5,407**	**9,722**	**5,138**
Net finance costs (income)	16	507	633	(561)	11,418
Change in fair value of warrant liability	10	(297)	(2,915)	(1,668)	(11,383)
Listing expense		—	—	—	4,987
Net loss		**4,788**	**3,125**	**7,493**	**10,160**
Other comprehensive loss					
Foreign currency translation adjustment - net of tax		(377)	408	(123)	962
Net loss and comprehensive loss for the period		**4,411**	**3,533**	**7,370**	**11,122**
Basic and diluted loss per common share	17	0.05	0.07	0.08	0.24
Basic and diluted loss per Pre-Funded Warrant	17	0.00	0.00	0.00	0.00

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 and six months ended March 31, 2026 and 2025
(unaudited - Expressed in thousands of Canadian dollars)

		Common Shares		Pre-Funded Warrants					
	Note	Number of Shares	Amount	Number of Shares	Amount	Contributed surplus	Cumulative Translation Adjustment	Deficit	Total
Balance at October 1, 2025		**76,750,086**	**126,787**	**17,500,000**	**6,116**	**16,232**	**(163)**	(167,001)	**(18,029)**
Common shares issued in equity offering	11	26,666,670	12,000	—	—	—	—	—	12,000
Transaction costs incurred on issuance of common shares in equity offering:									
Cash transaction costs	11	—	(1,167)	—	—	—	—	—	(1,167)
Fair value of warrants	11	—	(328)	—	—	328	—	—	—
Common shares issued in debt settlement	11	75,000	28	—	—	—	—	—	28
Stock-based compensation	12	—	—	—	—	564	—	—	564
Cumulative translation adjustment		—	—	—	—	—	123	—	123
Net loss for the period		—	—	—	—	—	—	(7,493)	(7,493)
Balance, March 31, 2026		**103,491,756**	**137,320**	**17,500,000**	**6,116**	**17,124**	**(40)**	**(174,494)**	**(13,974)**

CONAVI MEDICAL CORP.

Interim condensed consolidated statements of changes in shareholders' deficiency

For the three and six months ended March 31, 2026 and 2025

(unaudited - Expressed in thousands of Canadian dollars)

		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, 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 and six months ended March 31, 2026 and 2025
(unaudited - Expressed in thousands of Canadian dollars)

		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**
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	—			—	—	—		76			76
Cumulative translation adjustment		—	—	—	—	—	—	—	—	(962)	—	(962)
Net loss for the period		—	—	—	—	—	—	—	—	—	(10,160)	(10,160)
Balance at March 31, 2025		**44,250,086**	**114,740**	**—**	**—**	**—**	**—**	**—**	**16,070**	**(1,134)**	**(156,645)**	**(26,969)**

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 six months ended March 31, 2026 and 2025
(unaudited - Expressed in thousands of Canadian dollars)

	Note	March 31, 2026	March 31, 2025
Cash flows used in operating activities:			
Loss for the period		(7,493)	(10,160)
Items not affecting cash:			
Depreciation of property and equipment	5	125	156
Amortization of intangible assets	6	119	125
Depreciation of right-of-use assets	7	123	129
Interest accrued and accretion expense	16	667	11,414
Stock-based compensation	12	564	76
Impairment of property and equipment		—	137
Net loss on disposal of property and equipment		—	93
Unrealized foreign exchange gain		(810)	(8)
Change in fair value of warrant liability	10	(1,668)	(11,383)
Listing expense		—	4,987
Gain on loan extinguishment		(242)	—
Deferred revenue		(88)	116
Other income		(21)	—
Non-cash licensing and R&D services revenue		(348)	(8,455)
		(9,072)	(12,773)
Changes in working capital accounts:			
Inventories		264	1,473
Accounts receivable and other receivables		62	656
Investment tax credits recoverable		(200)	140
Accounts payable and accrued liabilities		1,521	(1,716)
Prepaid expenses and supplier deposits		(3,524)	(145)
Net cash used in operating activities		(10,949)	(12,365)
Cash flows from (used in) investing activities:			
Purchase of property and equipment	5	(35)	(56)
Purchase of intangible assets	6	(218)	(21)
Proceeds from the Transaction		—	3,753
Total cash from (used in) investing activities		(253)	3,676

(unaudited - Expressed in thousands of Canadian dollars)

		March 31, 2026	March 31, 2025
Cash flows from (used in) financing activities:			
Payment of lease liabilities	7	(522)	(518)
Payment of loans payable and interest	9	(457)	(285)
Proceeds from private placement		—	10,092
Proceeds from issuance of common shares net of issuance costs	11	10,833	—
Net cash flows from financing activities		9,854	9,289
Increase (decrease) in cash and cash equivalents		(1,348)	600
Cash and cash equivalents, beginning of period		5,841	436
Cash and cash equivalents, end of period		4,493	1,036

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

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 $7,493 for the six months ended March 31, 2026 (March 31, 2025 - $10,160) and reported a deficit of $174,494 (September 30, 2025 - $167,001) as at that date. In addition, cash used in operating activities was $10,949 for the period ended March 31, 2026 (March 31, 2025 - $12,365). The Company had $4,493 in cash and cash equivalents as at March 31, 2026 (September 30, 2025 - $5,841).

The Company will need to secure further financing in order to meet its requirements for funding its planned research, development and operating activities. These uncertainties 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 received US FDA 510(k) clearance for the 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.

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 May 27, 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 environmental, social or governance (ESG) targets).

The Company has not yet commenced the evaluation of the impact of these amendments.

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.

(unaudited - Expressed in thousands of Canadian dollars)

4. Inventories

	March 31, 2026	September 30, 2025
Components and parts	76	307
Work-in-progress	—	34
	76	341

Included in inventory is an inventory provision due to estimated net realizable value below cost in the amount of $795 for the six months ended March 31, 2026 (September 30, 2025 - $795). Inventory consumed in cost of sales amounted to $nil for the three and six months ended March 31, 2026 (three and six months ended March 31, 2025, $9 and $275).

Inventories consumed in research and development during the three and six months ended March 31, 2026, amounted to $nil and $nil (three and six months ended March 31, 2025, amounted to $87 and $238).

The Company increased its inventory provision by $nil during the three and six months ended March 31, 2026 (decreased its inventory provision by $13 and increased its inventory provision by $1,219 during the three and six months ended March 31, 2025).

There were no other inventory write downs charged to cost of sales during the periods ended March 31, 2026 and March 31, 2025.

(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	—	24	11	—	—	—	35
Balance as at March 31, 2026	1,152	2,456	628	322	39	381	4,978
Accumulated Depreciation							
Balance as at October 1, 2025	809	1,676	578	252	39	381	3,735
Depreciation	37	71	12	5	—	—	125
Balance as at March 31, 2026	846	1,747	590	257	39	381	3,860
Net book value as at March 31, 2026	306	709	38	65	—	—	1,118

During the period ended March 31, 2026, the Company recognized an impairment related to its demonstration units in the amount of $nil (March 31, 2025 – $137).

(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	217	1	218
Balance as at March 31, 2026	**3,699**	**2,176**	**5,875**
Accumulated amortization			
Balance as at October 1, 2025	1,503	1,999	3,502
Amortization	94	25	119
Balance as at March 31, 2026	**1,597**	**2,024**	**3,621**
Net book value			
March 31, 2026	**2,102**	**152**	**2,254**

(unaudited - Expressed in thousands of Canadian dollars)

7. Leases

Right-of-use assets

The following table presents changes in right-of-use assets for the Company for the period ended March 31, 2026:

	Buildings
For the Six Months Ended March 31, 2026	
Opening book value	811
Lease modification	(65)
Depreciation	(123)
Closing net book value	623
Balance, March 31, 2026	
Cost	1,518
Accumulated depreciation	(895)
Closing net book value	623

Lease liabilities

The following table presents changes in lease liabilities for the Company for the period ended March 31, 2026:

	Buildings	Current	Non-current
Balance, September 30, 2025	**1,534**	**800**	**734**
Lease modification	(86)	—	—
Accretion of interest	52	—	—
Lease payments	(522)	—	—
Foreign exchange	(2)	—	—
Balance, March 31, 2026	**976**	**439**	**537**

(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:

	March 31, 2026
Within 1 year	47
1 to 2 years	—
Total undiscounted lease receivable	47
Unearned interest income	(1)
Lease receivable	**46**
Current	46
Non-current	—
Balance, March 31, 2026	**46**

8. Deferred revenue

	March 31, 2026	**September 30, 2025**
Distribution agreement	2,195	2,321
Technology transfer and licensing agreement	2,325	2,458
Other deferred revenue	—	88
	4,520	4,867
Less: current portion	519	606
Non-current portion	4,001	4,261

During the three and six months ended March 31, 2026, the Company recognized $130 and $348 (three and six months ended March 31, 2025 - $63 and $97) in licensing and R&D services revenue attributable to the distribution agreement and the technology transfer and licensing agreement, including minimum royalties.

(unaudited - Expressed in thousands of Canadian dollars)

9. Loans payable

	IAF credit loan (i)	Japan Lifeline Co. revolving line	Japan Lifeline Co. term loan	FedDev credit loan	SOFII credit loan	RRRF credit loan	Total loans payable
Balance - September 30, 2025	**270**	**11,514**	**4,027**	**1,724**	**444**	**393**	**18,372**
Repayment of borrowings	—			(271)	(93)	(70)	(434)
Interest and accretion expense	—	349	123	98	19	25	614
Cash interest paid	—	—	—	—	(23)	—	(23)
Loan extinguishment	(270)	—	—	—	—		(270)
Loss (gain) on foreign exchange	—	(756)	(264)	—	—	—	(1,020)
Balance - March 31, 2026	**—**	**11,107**	**3,886**	**1,551**	**347**	**348**	**17,239**
Current portion of loans payable	—	—	—	582	171	110	863
Non-current portion of loans payable	—	11,107	3,886	969	176	238	16,376
	—	**11,107**	**3,886**	**1,551**	**347**	**348**	**17,239**

i) 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. The fair value of the common shares issued was $28 and a gain on extinguishment of $242 was recognized.

(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 11 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 period ended March 31, 2026:

As at September 30, 2025	2,794
Change in fair value of warrant liability	(1,668)
As at March 31, 2026	1,126

The following table summarizes the warrants classified as liabilities outstanding as at March 31, 2026:

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	3.53	October 11, 2029
Issued upon conversion of 10% secured convertible notes issued by CMI in fiscal 2024	933,280	1.35	3.53	October 11, 2029
Issued upon conversion of 18% secured convertible notes issued by CMI in fiscal 2024	8,140,592	1.35	3.53	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	0.53	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.

(unaudited - Expressed in thousands of Canadian dollars)

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.

	March 31, 2026
Exercise price	US$1.35
Stock price	$0.40
Volatility	71.34%
Term (in years)	3.53
Risk-free rate	3.09%

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

	March 31, 2026
Exercise price	US$1.08
Stock price	$0.40
Volatility	84.93%
Term (in years)	0.53
Risk-free rate	2.82%

11. Share capital

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

	March 31, 2026	**September 30, 2025**
Common shares		
103,491,756 (September 30, 2025 - 76,750,086) common shares	137,320	126,787
	137,320	126,787
Pre-funded warrants		
17,500,000 (September 30, 2025 - 17,500,000) pre-funded warrants	6,116	6,116
	6,116	6,116

(unaudited - Expressed in thousands of Canadian dollars)

11. Share capital (continued)

The following table summarizes the warrants classified as equity outstanding as at March 31, 2026:

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
Equity offering warrants	1,558,843	January 13, 2028	$	0.45

On January 13, 2026, the Company completed a public offering (the "Equity Offering"), issuing 26,666,670 common shares at $0.45 per common share for gross proceeds of $12,000.

The costs associated with the Equity Offering were $1,495, including cash costs for commissions to the agents of approximately $701, professional fees and regulatory costs of $466 and 1,558,843 compensation warrants to the agents with a fair value of $328. Each compensation warrant is exercisable into one common share at an exercise price of $0.45 until expiry on January 13, 2028.

The fair value of the compensation warrant granted was determined using the Black-Scholes option pricing model with the following assumptions: historical volatility of 84.93%, a risk-free interest rate of 2.82%, expected life of two years and an expected dividend of nil%. The fair value of the compensation warrants was recorded in share issuance costs.

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.

12. Stock-based compensation

Effective January 2, 2025 the Company adopted a new stock option plan, and amendments thereto were approved by shareholders on March 31, 2025 (to remove certain limits on insider participation in the plan), and on March 31, 2026 (to expand the number of securities issuable thereunder (together with any other securities compensation plan of the Company) to 18,187,372 common shares). 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.

(unaudited - Expressed in thousands of Canadian dollars)

12. Stock-based compensation (continued)

The following summarizes information about stock options granted that were outstanding as at March 31, 2026:

	March 31, 2026		March 31, 2025	
	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	4.87
Granted	1,029,500	0.41	1,073,696	0.70
Issued to Titan Medical Inc. stock option holders	—	—	83,801	16.50
Expired/forfeited	(479,502)	0.41	(1,265,489)	1.38
End of period	7,799,935	0.81	1,253,742	2.97

Stock-based compensation expense for the three and six months ended March 31, 2026 was $330 and $564 (three and six months ended March 31, 2025 was $11 and $76).

The fair value of the stock options granted during the 2026 period was determined using the Black-Scholes option pricing model with the following assumptions: historical volatility of 88.16%, a risk-free interest rate of 3.07%, expected life of ten years and an expected dividend of nil%.

The following table summarizes the options outstanding as at March 31, 2026:

Remaining contractual life (years)	Number of options outstanding	Number of options vested	Number of options unvested
6-7	178,668	154,334	24,334
7-8	1,372	879	493
8-9	998,588	997,945	643
9-10	6,621,307	157	6,621,150
8.78	7,799,935	1,153,315	6,646,620

13. 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.

13. Government assistance (continued)

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. Of this, $nil and $500 was received during the three and six months ended March 31, 2026, bringing the total amount received to $500.

14. 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 period ended March 31, 2026, $25 was recorded in relation to the minimum annual royalty requirement (March 31, 2025 - $25).

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 March 31, 2026, $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

(unaudited - Expressed in thousands of Canadian dollars)

14. 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.

15. Nature of expenses

	Three months ended		Six months ended	
	March 31, 2026	**March 31, 2025**	**March 31, 2026**	**March 31, 2025**
Inventoried materials	—	(87)	—	1,461
Research and development expenses	730	2,389	2,491	5,914
Salaries and benefits	2,293	1,846	4,258	3,518
Stock-based compensation expense	330	11	564	76
Business development, marketing, and directors' fees	435	197	963	443
Professional fees	234	517	642	954
Occupancy	9	—	41	78
Insurance	73	88	149	184
Computers and software	50	16	73	42
Amortization and depreciation	181	201	367	410
Other expenses	563	349	1,218	875
Government assistance, sponsorship, and grants	(51)	2	(487)	3
Investment tax credit recovery	(139)	(64)	(209)	(128)
	4,708	5,465	10,070	13,830

(unaudited - Expressed in thousands of Canadian dollars)

16. Net finance costs (income)

	Three months ended		Six months ended	
	March 31, 2026	**March 31, 2025**	**March 31, 2026**	**March 31, 2025**
Interest income	(33)	(10)	(54)	(51)
Other income	1	—	(21)	—
Gain on extinguishment of loans payable	(242)	—	(242)	—
Interest and accretion	338	342	667	11,414
Net foreign exchange (gains) losses	443	301	(911)	55
	507	633	(561)	11,418

17. Loss per common share and pre-funded warrants

Loss per share

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

	Three months ended		Six months ended	
	March 31, 2026	**March 31, 2025**	**March 31, 2026**	**March 31, 2025**
Net loss for the period	4,788	3,125	7,493	10,160
Weighted average number of common shares	99,890,367	44,250,086	88,193,082	42,157,256
Basic and diluted loss per common share	0.05	0.07	0.08	0.24

For the three and six months ended March 31, 2026, 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 and six months ended March 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 and warrants.

Loss per pre-funded warrant

The Company applies the two-class method for computing loss per share, as it has outstanding pre-funded warrants that are classified as equity and carry contractual rights to participate in dividends and other distributions to common shareholders on an as-if-exercised basis. Under the two-class method, net profit or loss in each period is allocated between common shares and pre-funded warrants based on their respective rights to receive dividends and share in undistributed earnings. The pre-funded warrants are not included in the weighted-average number of common shares outstanding for purposes of basic loss per share, as they have not been exercised and the issuance of common shares upon exercise remains at the holder's option.

(unaudited - Expressed in thousands of Canadian dollars)

17. Loss per common share and pre-funded warrants (continued)

Losses are not allocated to the pre-funded warrants in determining earnings per share in accordance with the Company's accounting policy. Accordingly, in periods in which the Company reports a net loss and no dividends are declared, the entire net loss is attributed to common shareholders for purposes of computing basic loss per share. Basic loss per share for pre-funded warrants is based on nil net income for the three and six months ended March 31, 2026 and 2025.

	Six months ended			
	March 31, 2026	**Weighted average exercise price**	**March 31, 2025**	**Weighted average exercise price**
Outstanding, beginning of period	17,500,000	$0.00001	—	$—
Exercised	—	$0.00001	—	$—
Issued	—	$0.00001	—	$—
Outstanding, end of period	17,500,000	$0.00001	—	$—

18. 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.

	Three months ended		Six months ended	
	March 31, 2026	**March 31, 2025**	**March 31, 2026**	**March 31, 2025**
Revenue streams				
Product	—	(5)	—	237
Licensing and R&D services	130	63	348	8,455
Total revenues	130	58	348	8,692
Geographical area				
Canada	—	—	—	—
North America (excluding Canada)	—	(5)	—	—
Asia	130	63	348	8,692
Total revenue	130	58	348	8,692

Geographical location of non-current assets

(unaudited - Expressed in thousands of Canadian dollars)

18. Segment reporting (continued)

All non-current assets are in Canada.

19. 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:

	Three months ended		Six months ended	
	March 31, 2026	**March 31, 2025**	**March 31, 2026**	**March 31, 2025**
Salaries and employee benefits	424	262	840	479
Termination benefits	—	—	281	—
Directors' fees	156	131	305	229
Share-based compensation	160	5	321	56
	740	398	1,747	764

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.