



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024

1. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The Management Discussion and Analysis (“MD&A”) of Aquarius Surgical Technologies Inc. (the “Corporation”) may contain forward-looking statements, which involve risks and uncertainties. Actual events could differ from those anticipated in forward-looking statements. While this MD&A reflects the six months ending September 30, 2024, it also addresses key events that have occurred up to and including the date of this Report. Readers are specifically referred to Note 20 – Litigation in the Notes to the Interim Financial Statements to September 30, 2024.

Forward-looking statements may include sales, earnings, and profitability comments. These statements may contain words such as “anticipated”, “expected”, “could”, “should”, “may”, “plans”, “will”, or similar expressions that are based on and arise out of our experience, our perception of trends, current conditions and expected future developments as well as other factors. By their very nature, forward-looking statements involve uncertainties and risks that the forecasts and targets will not be achieved. Readers are cautioned not to place undue reliance on forward looking statements as a number of important factors, as disclosed herein and in the Corporation’s other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward looking statements.

Readers are also referred to the Corporation’s documents filed on SEDAR+ at www.sedarplus.ca for additional information.

2. INTRODUCTION

The following is a discussion and analysis of the Corporation's results of operations and financial condition for the six months ended September 30, 2024 and should be read in conjunction with its Interim Financial Statements for the six months ended September 30, 2024 and the related notes thereto. Unless otherwise indicated the amounts included in the following discussions are expressed in Canadian dollars.

3. GOING CONCERN

The Interim Financial Statements have been prepared on a going concern basis which assumes the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations. The Corporation incurred operating losses in prior years and in the current year and has a significant shareholders deficiency. These circumstances cast significant doubt on the ability of the Corporation to continue as a going concern which is dependent on the support of its creditors, the ability to obtain additional financing, and ultimately, the attainment of profitable operations. The Corporation's lenders, who are significant shareholders, have indicated that their support will continue over the forthcoming year. Significant working capital was raised during prior fiscal years which was been further supplemented during the current year by advances from a significant shareholder. As indicated in Note 2 to the Interim Financial Statements, those Statements do not include any adjustments to the amounts or classification of financial statement items that might be necessary if the Corporation was unable to continue as a going concern and no adjustment has been made in those financial statements to reflect liquidation values of assets on a non-going concern basis as any such adjustment, if required, would not have a material effect on the Corporation’s Statement of Financial Position.

4. MATERIAL ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared by management using the accounting policies and methods as outlined in Note 3 to the Interim Financial Statements for the six months ended September 30, 2024. The Interim Financial Statements have, in management’s opinion, been properly prepared using judgement within reasonable limits of materiality and are in conformity with IFRS Accounting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”).

5. BUSINESS OVERVIEW

As of March 20, 2017, the Corporation acquired all the outstanding shares of Surgical Lasers Inc. (“SLI”). SLI, is principally a provider of innovative, minimally invasive medical laser systems and consumables for multiple medical disciplines, principally in the field of urology.

The Corporation’s primary focus is the development, sale, distribution, marketing, and exploitation of technologies for use in surgical environments.

The Corporation is currently generating revenue from lasers and fibers sales and service operations through its subsidiary SLI. With the addition of new marketing personnel along with sourcing potential new value added services and technologies sales are expected to increase going forward.

SLI's focus has always been on clinical efficacy, evidence-based research, proven technologies, and value. This allows SLI to deliver practical solutions which not only enhances patient care, but also introduces operational and financial benefits to medical practices. In this regard, SLI delivers measurable benefits to patients, clinicians, and the medical system alike and offers the following benefits:

- Enhanced patient care
- Minimally invasive laser treatments
- Value based, cost-effective & practical laser based solutions
- Best of breed technology
- Cost effective consumables
- Unparalleled support & comprehensive educational programs

Following the temporary setbacks caused by shutdowns during the pandemic, we are looking forward to getting back to a more normal and predictable environment and steady recovery and regrowth for our shareholders and clients.

As described in Press Releases issued in February and March, 2021, former management personnel were removed in February, 2021, Salumatics Inc. has been retained to provide overall Management and Administration services to SLI and the offices of SLI have been moved to Mississauga, Ontario. Further, as described in Note 20 to the Interim Financial Statements, significant litigation has been commenced against certain former management personnel and their related corporations.

SLI utilized the opportunity of the consequences of the COVID epidemic and the reorganization of management and administration to redevelop many processes, procedures and systems including an online e-commerce storefront for consumables and cost saving improvements that will provide benefits in the future.

6. OVERALL PERFORMANCE RELATING TO OPERATIONS FOR THE SIX MONTHS ENDING SEPTEMBER 30, 2024

Revenues from operations for the six months ended September 30, 2024 were \$62,076 (September 30, 2023 - \$114,436). Cost of goods sold in the six months ended September 30, 2024 was \$30,782 (September 30, 2023 - \$30,631). The gross margin for the six months ended September 30, 2024 was \$31,294 (September 30, 2023 - \$83,805).

General and administrative expenses in the six months ended September 30, 2024 were \$293,740 (September 30, 2023 - \$317,744). Selling and admin expenses were \$151,442 (September 30, 2023 - \$165,798); Professional fees were \$67,778 (September 30, 2023 - \$70,524); Listing expenses were \$10,520 (September 30, 2023 - \$12,422) and Consulting fees were \$64,000 (September 30, 2023 - \$69,000).

Interest and bank charges in the six months ended September 30, 2024 were \$163,754 (September 30, 2023 - \$102,716). The increase in interest expense is a reflection of the increase in the prime rate.

Amortization expense in the six months ended September 30, 2024 was \$15,124 (September 30, 2023- \$15,402).

Interest income in the six months ended September 30, 2024 was \$540 (September 30, 2023 - \$853). The Corporation also recorded a decrease in the carrying value of investment of \$1,145 (September 30, 2023 - \$292) reflecting changes in foreign exchange rates.

Income tax expense for the six months ended September 30, 2024 was \$ nil (September 30, 2023 - \$1,993). This expense relates to state and federal income taxes incurred by a US subsidiary.

The net loss and comprehensive loss for the six months ended September 30, 2024 was \$441,928 (September 30, 2023 - \$353,489).

7. SELECTED INTERIM FINANCIAL INFORMATION

Selected items from the Interim Statements of Financial Position as at September 30, 2024, September 30, 2023, and September 30, 2022:

| Consolidated Statements of Financial Position Item | 30-Sep-24 | 30-Sep-23 | 30-Sep-22 |
|---|------------------|------------------|------------------|
| | \$'s | \$'s | \$'s |
| Cash and cash equivalent | 6,129 | 113,091 | 135,932 |
| Accounts receivable | 48,847 | 86,244 | 55,391 |
| Inventory | 17,494 | 24,897 | 44,044 |
| Prepaid expenses and deposits | 20,371 | 23,448 | 84,721 |
| Long term investment | 303,112 | 303,583 | 307,782 |
| Equipment | 63,060 | 93,657 | 3,841 |
| Accounts payable | 1,256,672 | 1,074,887 | 1,047,078 |
| Operating loan | 424,578 | 230,527 | 179,562 |
| Current portion lease liability | 26,807 | 24,370 | - |
| Current portion long term debt | 250,000 | 475,913 | 326,681 |
| Related party advances | 3,508,484 | 2,973,140 | 2,405,140 |
| Lease liability | 39,958 | 67,468 | - |
| Long term debt | - | - | 250,000 |
| Shareholders Deficiency | (5,047,486) | (4,201,385) | (3,576,751) |

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on hand decreased to \$6,129 at September 30, 2024 from \$113,091 at September 30, 2023. The current balance includes a certificate of deposit in the amount of \$ nil (September 30, 2023 - \$100,000).

9. ACCOUNTS RECEIVABLE

Accounts receivable decreased to \$48,847 at September 30, 2024 from \$86,244 at September 30, 2023. Included in accounts receivable is HST receivable of \$18,851 (September 30, 2023 - \$14,651).

10. INVENTORIES

Inventories at September 30, 2024 were \$17,494 (September 30, 2023 - \$24,897).

11. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits at September 30, 2024 were \$20,371 (September 30, 2023 - \$23,448).

12. LONG TERM INVESTMENT

Long term investment at September 30, 2024 was \$303,112 (September 30, 2023 - \$303,583) - see Note 7 to the Interim Financial Statements.

13. EQUIPMENT

Equipment at September 30, 2024 was \$63,060 (September 30, 2023 - \$93,657 in the prior year. This amount includes Right of Use asset for the net amount of \$62,407 (September 30, 2023 - \$89,154).

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable increased to \$1,256,671 at September 30, 2024 (September 30, 2023 - \$1,074,887). Accounts payable to a related party and to key management was \$1,101,129 (September 30, 2023 - \$943,333) in the prior year (see Notes 6(B) to the Interim Financial Statements).

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15. OPERATING LOAN

The operating loan at September 30, 2024 was \$424,578 (September 30, 2023 - \$230,527). (see Notes 6(B) to the Interim Financial Statements).

16. CURRENT PORTION LEASE LIABILITY

The current portion of lease liability at September 30, 2024 was \$26,807 (September 30, 2023 \$24,370).

17. CURRENT PORTION LONG TERM DEBT

The current portion of long term debt at September 30, 2024 was \$250,000 compared to \$475,913 in the prior year.

18. RELATED PARTY TRANSACTIONS

The amount due to related party increased to \$3,508,484 at September 30, 2024 (September 30, 2023 - \$2,973,140 in the prior year. Please refer to Note 6(A) and (B) to the Interim Financial Statements for pertinent information pertaining to the Related Party transactions.

19. LEASE LIABILITY

Lease liability as at September 30, 2024, was \$39,958 (September 30, 2023 - \$67,468). Please refer to Note 10 to the Interim Financial Statements for pertinent information concerning the lease liability.

20. LONG TERM DEBT

Long term debt at September 30, 2024, was \$ nil (September 30, 2023 \$ nil). All long term debt is now current please refer to Note 10 to the Interim Financial Statements for pertinent information concerning the long term debt.

21. SELECTED QUARTERLY FINANCIAL DATA

The table below presents selected unaudited financial data for each of the eight quarters ending September 30, 2024:

| DESCRIPTION | 30-Sep 2024 \$'s | 30-Jun 2024 \$'s | 31-Mar 2024 \$'s | 31-Dec 2023 \$'s | 30-Sep 2023 \$'s | 30-Jun 2023 \$'s | 31-Mar 2023 \$'s | 31-Dec 2022 \$'s |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| OPERATIONS | | | | | | | | |
| Sales | | | | | | | | |
| Equipment | - | - | - | - | 47,313 | - | - | - |
| Fibers | 32,916 | 24,065 | 31,473 | 55,509 | 14,128 | 51,709 | 44,495 | 50,074 |
| Other | 4,655 | 440 | 3,284 | 546 | 245 | 1,041 | 29,687 | 7,378 |
| | 37,571 | 24,505 | 34,757 | 56,055 | 61,686 | 52,750 | 74,182 | 57,452 |
| Cost of sales | 17,765 | 13,016 | 15,782 | 25,982 | 7,147 | 23,484 | 55,917 | 42,051 |
| Gross Margin | 19,806 | 11,489 | 18,975 | 30,073 | 54,539 | 29,266 | 18,265 | 15,401 |
| Expenses and other items | | | | | | | | |
| General and administrative | 147,414 | 146,325 | 150,585 | 123,256 | 188,670 | 129,072 | 463,607 | 150,393 |
| Interest and bank charges | 81,205 | 82,550 | 80,689 | 77,719 | 32,227 | 70,489 | 57,827 | 51,493 |
| Amortization | 7,387 | 7,737 | 7,738 | 7,737 | 7,882 | 7,520 | 12,797 | 13,230 |
| Interest income | (55) | (484) | (432) | (444) | (441) | (412) | (3,374) | (3,374) |
| Change in fair value of investment | 4,221 | (3,076) | (7,275) | 6,602 | (6,287) | 6,579 | (280,589) | - |
| | 240,172 | 233,052 | 231,305 | 214,870 | 222,051 | 213,248 | 250,268 | 211,742 |
| Net Loss and comprehensive loss before tax | (220,366) | (221,563) | (212,330) | (184,797) | (167,512) | (183,982) | (232,003) | (196,339) |
| Provision for income tax | - | - | 7,045 | - | 18 | 1,975 | - | - |
| Net Loss and comprehensive loss after tax | (220,366) | (221,563) | (219,375) | (184,797) | (167,530) | (185,957) | (232,003) | (196,339) |
| EPS | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) |

Discussion of Selected Quarterly Financial Data - Operations

In the quarter ended September 30, 2024 Equipment sales were \$ nil (September 30, 2023 - \$47,313); Fiber sales were \$32,916 (September 30, 2023 - \$14,128) and other sales and services were \$4,655 (September 30, 2023 - \$245). Cost of sales for the quarter ended September 30, 2024 were \$17,765 (September 30, 2023 - \$7,147). The gross margin for the quarter ended September 30, 2024 was \$19,806 (September 30, 2023 - \$54,539).

For the quarter ended September 30, 2024 General and administrative expenses were \$147,413 (September 30, 2023 - \$188,670); Interest and bank charges were \$81,205 (September 30, 2023 - \$32,227); Amortization was \$7,387 (September 30, 2023 - \$7,882); Interest income was \$55 (September 30, 2023 - \$441); decrease in fair value of investment \$4,221 (September 30, 2023 – \$6,287 increase); Income tax expense was \$ nil (September 30, 2023 \$18).

The net loss and comprehensive loss for quarter ended September 30, 2024 was \$220,366 (\$0.01 per share) (September 30, 2023 \$167,530 (\$0.01 per share)). For the quarter ended September 30, 2024 the weighted-average number of shares outstanding was 27,599,172 (September 30, 2023 – 27,599,172).

22. MANAGEMENT OF CAPITAL

The Corporation defines capital that it manages as the aggregate of its loans payable, amount due to related party, share capital, contributed surplus and deficit. Its objectives when managing capital are to ensure that the Corporation will continue as a going concern, so that it can provide returns to its shareholders.

| Management of Capital | 30-Sep-24 | 30-Sep-23 |
|--------------------------------|---------------------|------------------|
| | \$ | \$ |
| Cash and cash equivalents | 6,129 | 113,091 |
| Operating loan | 424,578 | 230,527 |
| Current portion long term debt | 250,000 | 475,912 |
| Amount due to related party | 3,508,484 | 2,973,140 |
| Share capital | 19,953,307 | 19,953,307 |
| Contributed surplus | 9,315,859 | 9,315,859 |
| Deficit | (34,316,652) | (33,470,551) |
| Total Capital | (858,294) | (408,715) |

The Corporation manages its capital structure and makes adjustments to it in light of economic conditions. The Corporation, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances. The Corporation's lenders, who are significant shareholders, have indicated that their support will continue over the forthcoming year.

The Terms of the Credit Facility include financial covenants by the Corporation, including the obligation to maintain Debt Service Coverage, defined as the ratio of EBITDA to the total of Interest Expense and scheduled principal payments in respect of Funded Debt, at the end of each financial year of not less than 1.25:1. The Corporation is in default of these terms of the Credit Facility accordingly the balance is presented in current liabilities. The credit facility was repaid in full in the current quarter.

23. CONTRACTUAL OBLIGATIONS

Effective February 1, 2023 SLI US Inc., a wholly owns subsidiary of SLI, committed to a lease agreement related to office and warehouse premises in Powhatan, Virginia, commencing on February 1, 2023, and terminating on January 31, 2024. At the option of the tenant the lease is renewable for three further one year terms at the same rental. The lease is inclusive of all costs and the tenant is not required to pay any additional rent.

Minimum payments required – fiscal year 2024 US\$20,000

24. CAPITAL RESOURCES

The Corporation does not anticipate any major expenditure on capital resources.

25. OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

26. LONG-TERM INVESTMENTS

Woodland Biofuels Inc. ("Woodland")

The Corporation holds 112,272 shares in Woodland; further details appear in Note 7 of the Interim Financial Statements for the year ended September 30, 2024. Woodland recently completed a placement of common shares to unrelated third parties at US\$2 per share. Accordingly, the Corporation has used US\$2 per share as the carrying value of the investment and recognizes changes in value in the statement of loss.

27. RISKS AND UNCERTAINTIES

In addition to the general Risks and Uncertainties, Readers are referred to Note 20 – Litigation in the Interim Financial Statements to September 30, 2024.

There are risks and uncertainties with the business operation and results of the Corporation. The risks noted below are not the only risks associated with the Corporation and its business, in particular the business of its wholly owned operating subsidiary, SLI. Additional risks and uncertainties, including ones that the Corporation is not aware of or that the Corporation believes currently are not material, may also adversely affect the Corporation's business.

The Corporation is in the Development Stage: The business of SLI, in particular as it is a development stage company, involves a high degree of risk, including, but not necessarily limited to, the risk factors described below.

Limited Operating History: Investment in the Corporation should be regarded as speculative, due to the nature of and the present stage of development of its business. SLI has a limited operating history. The likelihood of the success of the SLI, and thus the Corporation, must be considered in light of the risks inherent in, and the difficulties, costs, and complications encountered in the early growth stage of a business enterprise and the development and marketing of new technologies. As a result of its early growth stage of business and its limited operating history, sales and results from operations are inherently more difficult to predict, and as a result, SLI may sustain operating losses.

Uncertainty of Market Acceptance: The Corporation currently derives a substantial portion of its revenues from the sale of its portable laser systems and related fiber-optic consumables. Those sales are exclusively to sophisticated medical professionals, and are presently concentrated only in the United States of America. Because of this limited marketplace and target market concentration, a decline in the demand for the products would have a material adverse effect on the Corporation. There can be no assurance that the Corporation's expanded marketing and sales efforts will result in increased market acceptance for its products.

Supply Dependency: Manufacture of the products distributed by SLI is dependent on the continued efficient supply of component parts from two key exclusive suppliers, both based in Europe. The shortage of supply of any machines, parts or materials would seriously jeopardize the SLI's ability to bring its products to market.

Dependence on Distribution Relationships: The business of SLI is dependent on the performance of its distributors.

Technological Factors: Technology of the complexity developed by SLI and its manufacturers may contain errors which, from time to time, become apparent subsequent to product introduction. To date, the cost to SLI of meeting its warranty obligations has not been significant and is, as far as possible, passed back to the respective manufacturer. However, SLI's product operating experience is limited, and increased warranty claims could have a material adverse effect on SLI's stature and acceptability in its marketplace.

Product Liability: The Corporation believes that it has adequate third party liability and errors and omissions insurance. To date, it has not made any claims with respect to this insurance. However, future product liability claims not covered by such insurance or in excess of the limits of such insurance could have a material adverse effect on the financial condition of the Corporation.

Technological and Product Obsolescence: The medical/surgical laser industry is characterized by rapid and significant technological changes. Current competitors or new market entrants could introduce new or enhanced products with features that render SLI's products obsolete or less marketable. Certain competitors are significantly larger, and thus have substantially greater financial resources. The ability of SLI to compete successfully will depend in large measure on the ability of SLI and its respective exclusive manufacturers to maintain a technically superior research and development staff and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of its products with evolving industry standards.

Protection of Intellectual Property: The Corporation has not applied for patents relating to the products it distributes because, at this time, the relevant technology rights belong to third parties, namely the manufacturers. SLI is preparing certain technological products and improvements that it may, if and when the opportunity arises, become the subject of application for patent or other proprietary right protection. It may be possible for competitors or customers to copy or duplicate certain aspects of the products distributed by SLI or obtain information that SLI and/or its manufacturers regard as proprietary. Furthermore, there can be no assurance that others will not independently develop products similar to those developed or planned by SLI and its manufacturers.

Infringement of Proprietary Rights: Although the Corporation believes that the products it distributes do not infringe on the proprietary rights of others and has not received any notice of claimed infringement, certain of the products it distributes could infringe on existing proprietary rights. If any such infringement does exist, there can be no assurance that any necessary licenses or rights could be obtained on terms satisfactory to Corporation or the respective manufacturer or that necessary modification could be made to the infringing products in a timely or commercially feasible manner.

Strict regulatory environment: SLI's laser devices and fiber delivery systems require regulatory approval for commercial sale. Numerous statutes and regulations govern human testing and the manufacture and sale of medical devices in the United States, Canada and the European Union and other countries where SLI intends to market its product. Such legislation and regulation bears upon, among other things, the approval of protocols, human testing, the approval of manufacturing facilities, testing procedures and controlled research, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities including advertising and labelling.

While SLI has obtained relevant regulatory approvals in the United States for its current range of key laser products, future products and future developments of existing products may require submission for further testing of which the outcome cannot be guaranteed. Any failure to obtain necessary regulatory approval in future would materially adversely affect SLI's business, financial condition and results of operations.

Dependence Upon Key Personnel: The success of the Corporation is largely dependent on the personal efforts of certain key officers and employees. The loss of any of these key individuals could have a material adverse effect on the Corporation's business and prospects. In this respect the Corporation does not currently maintain keyman insurance. All employees, as a condition of employment, have signed confidentiality and non-compete agreements.

Government Assistance: The Corporation may utilize its entitlement for government assistance under applicable plans or programs that are designed to encourage investment in technology. There can be no assurance that such assistance will be made available to the Corporation with respect to any research and development of its technologies. There can be no assurance that the Corporation's research and development efforts will qualify for such assistance.

Risk of International Sales: The continued growth of the Corporation's business will depend to a significant extent on sales to customers located outside Canada – principally in the United States of America and the Caribbean. The cost of supporting a widespread customer base could have a materially adverse effect on the Corporation.

Insurance costs could negatively impact profitability: The cost of insurance, including director and officer, worker's compensation, property, product liability and general liability insurance, has risen significantly in recent years and is expected to continue to increase. These increases, and the Corporation's increased risk due to increased deductibles and reduced coverages, could have a negative impact on results of operations, financial condition and cash flows.

Risk of product liability claims: The use of medical devices for treatment of humans, even after regulatory marketing clearance approval is obtained, can result in product liability claims. Product liability claims can be expensive, difficult to defend and may result in large judgments or settlements. The Corporation currently maintains product liability insurance in connection with the use of its devices but may not, in the future, be able to obtain or maintain adequate protection against potential liabilities arising from such use. If the Corporation is unable to obtain sufficient levels of insurance at acceptable cost or otherwise protect against potential product liability claims, it will be exposed to product liability claims. A successful product liability claim in excess of the Corporation's insurance coverage could harm the Corporation's financial condition, results of operations and ability to continue in business. Even if a claim is not successful, defending such a claim may be time-consuming and expensive.

Risk of use of product in unapproved circumstances: While the Corporation is prohibited by law from marketing or promoting any unapproved use of its products, physicians/clinicians in most jurisdictions, can use these products in ways or circumstances other than those strictly within the scope of the regulatory approval. Although the product training the

Corporation will provide to physicians and other health care professionals will be limited to approved uses or for clinical trials, no assurance can be given that claims might not be asserted against the Corporation if its product is used in ways or for procedures that are not approved.

Unexpected product safety or efficacy concerns: Unexpected safety or efficacy concerns can arise with respect to marketed products, whether or not scientifically justified, leading to product recalls, withdrawals or declining sales, as well as product liability, consumer fraud and/or other claims. This could have a material adverse effect on the Corporation's business, financial results and operating results

Future Financing Requirements: The Corporation anticipates that it will require additional financing in the future in order to fund continued product development and marketing. There is no assurance that such financing will be available.

Debt Service Coverage: The Terms of the Credit Facility include financial covenants by the Corporation, including the obligation to maintain Debt Service Coverage, defined as the ratio of EBITDA to the total of Interest Expense and scheduled principal payments in respect of Funded Debt, at the end of each financial year of not less than 1.25:1.

Foreign Exchange Rates: Substantially all of the Corporation's sales are denominated in U.S. dollars. General and Administrative costs are incurred principally in Canadian dollars, while costs of product acquisition from manufacturers in Europe are denominated in Euros. The economics of the Corporation's business may be adversely affected by fluctuations in foreign exchange rates which may adversely affect both sales and gross margins from the sales of its products.

Dilution: Calls for additional capital to develop the Corporation's business in the future may be met by issuance of common shares, leading to dilution of existing shareholder interests.

No Dividends: The Corporation has not paid any dividends with respect to its Common Shares and does not anticipate paying any dividends in the foreseeable future.

In addition to the foregoing risks and uncertainties, there are also financial risks which are discussed in detail in Note 16 to the Interim Financial Statements for the year ended September 30, 2024.

28. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by National Instrument 52-109, the Corporation's Interim Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") will be filing annual and quarterly certificates of disclosure concurrent with the filing of its annual and quarterly filings.

The Board of Directors together with an independent and qualified Audit Committee provide direct oversight responsibilities for the review of the quarterly and annual financial statements.

29. STOCK EXCHANGE LISTING

Since June 21, 2017, the shares have been listed on the Canadian Securities Exchange, trading under the symbol ASTI.

30. SHARE CAPITAL, WARRANTS AND INCENTIVE STOCK OPTIONS

As at September 30, 2024 and at the date of this report there are 27,599,172 issued and outstanding common shares (September 30, 2023 – 27,599,172).

As at September 30, 2024 and at the date of this Report there are 1,500,000 issued and outstanding Incentive Stock Options to purchase common shares (September 30, 2023 – 1,750,000).

Please refer to Notes 8 and 9 to the Interim Financial Statements for the six months ended September 30, 2024 for additional information on Share Capital, Warrants and Incentive Stock Options.

Further Information

Additional information may be found in the Corporation's documents filed on SEDAR+ at www.sedarplus.ca.

DATED: November 28, 2024

CORPORATE PROFILE

Board of Directors

| | |
|---|--------------------|
| David J. Hennigar, Bedford, Nova Scotia | Director, Chairman |
| Charlotte Janssen, Toronto, Ontario | Director |
| Dr. Rajiv Singal, Toronto, Ontario | Director |
| Dr. Stanley Swierzewski III, Holyoke, MA, USA | Director |

Corporate Officers

| | |
|---|---------------------------------|
| Michael Machika, Fonthill, Ontario | Interim Chief Executive Officer |
| Lorne S. MacFarlane, Dartmouth, Nova Scotia | Chief Financial Officer |
| Christopher H. Freeman, King City, Ontario | Secretary |

Corporate Office

89 Scollard Street
Toronto, ON M5R 1G4
Tel.: (902) 496-7594
Fax: (902) 484-7599

Corporate Information

| | |
|----------------------------|--|
| Bankers | Royal Bank of Canada, Richmond Hill, Ontario |
| Lawyers | C. H. Freeman, Barrister & Solicitor, King City, Ontario |
| Auditors | Grant Thornton LLP, Mississauga, Ontario |
| Transfer Agent & Registrar | TSX Trust Company, Toronto, Ontario |