

ZERO CANDIDA TECHNOLOGIES INC

(Formerly “1319743 B.C. LTD.”)

MANAGEMENT DISCUSSION AND ANALYSIS

**FOR THE YEARS ENDED JULY 31, 2024
AND FOR JULY 31, 2023**

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DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following management’s discussion and analysis, prepared as of December 5, 2024 and should be read together with the audited financial statements and accompanying notes for the years ended July 31, 2024, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) effective for the reporting period ended July 31, 2024. All amounts are stated in Canadian dollars unless otherwise indicated.

The Company’s ability to continue as a going concern and the recoverability of past expenditures mainly in day-to-day operations are dependent upon the ability of the Company to obtain necessary financing and/or loans to successfully complete its future objectives. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. Should the Company be unable to realize its assets or discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the financial statements. These financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Management pursues relationships and alliances with diverse entities in order to attract additional sources of funds or other transactions that would assure the continuance of the Company’s operations.

All statements in this report that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent the Company’s intentions, plans, expectations and beliefs, and are subject to risks, uncertainties, and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from the Company’s expectations. The Company assumes no obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise.

Additional information related to the Company is available for view on SEDAR at www.sedarplus.ca.

DESCRIPTION OF BUSINESS

1319743 B.C. Ltd. (the “Company”) was incorporated under the British Columbia Business Corporations Act on August 13, 2021. The address of the Company’s head office, principal business address and records office is Suite 500 – 666 Burrard St. Vancouver, British Columbia, V6C 3P6.

The Company changed its name to Zero Candida Technologies Inc on November 14, 2024 (see subsequent events).

On October 21, 2021, Rio Verde Industries Inc. (“Rio Verde”) announced that the Company received a final order (the “Final Order”) from the Supreme Court of British Columbia approving the previously announced statutory plan of arrangement with its wholly-owned subsidiaries, 1319472 B.C. Ltd., 1319651 B.C. Ltd., 1319732 B.C. Ltd., 1319735 B.C. Ltd., 1319738 B.C. Ltd., 1319741 B.C. Ltd., and 1319743 B.C. Ltd. (the “Plan of Arrangement”). Receipt of the Final Order follows Rio Verde’s special meeting of shareholders held on Monday, October 4, 2021 (the “Meeting”), where the Plan of Arrangement was overwhelmingly approved by a total of 23,532,011 common shares in the capital of Rio Verde (“Rio Verde Shares”) having voted in favour representing 98.5% of the total number of Rio Verde Shares represented in person and by proxy at the Meeting.

Pursuant to the Plan of Arrangement, the shareholders of Rio Verde now hold common shares in the following former subsidiaries of Rio Verde: 1319472 B.C. Ltd., 1319651 B.C. Ltd., 1319732 B.C. Ltd., 1319735 B.C. Ltd., 1319738 B.C. Ltd., 1319741 B.C. Ltd., and 1319743 B.C. Ltd. (collectively referred to as the “Spinco”) Each of the Spinco is now an unlisted reporting issuer in the provinces of British Columbia and Alberta. Shareholders of Rio Verde continue to hold their interest in Rio Verde.

Pursuant to the terms of the Plan of Arrangement: i) Rio Verde altered its share capital to create the additional classes of common shares (the “New Common Shares”) and Reorganization Shares (as defined below); ii) each of the Rio Verde Shares was exchanged for one New Common Share, one Class 1 Reorganization Share, one Class 2 Reorganization Share, one Class 3 Reorganization Share, one Class 4 Reorganization Share, one Class 5 Reorganization Share, one Class 6 Reorganization Share and one Class 7 Reorganization Share of Rio Verde (collectively referred to as the “Reorganization Shares”), and all of the Rio Verde Shares outstanding prior to the Plan of Arrangement were cancelled; iii) one class of the Reorganization Shares were transferred to each Spinco in exchange for common shares of each Spinco on a 1:1 basis and Rio Verde redeemed all Reorganization Shares through the transfer to each Spinco \$5,000 of working capital; and iv) the Rio Verde altered its share capital so that only the New Common Shares remain, were redesignated as “common shares” and deemed to be represented by the same certificate as the previously issued and outstanding Rio Verde Shares.

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The Company changed its name to Zero Candida Technologies Inc on November 14, 2024 (see subsequent events).

Zero Candida (formerly 1319743 B.C. Ltd.), recently completed its business acquisition of Zero Candida Ltd., an Israeli private company (“ZC” and “Acquisition” respectively). In connection with the completion of the Acquisition, the Company split its share capital on a fifty-five thousand five hundred fifty-five (55,555) common shares for one (1) common share basis, so that 36 common shares of the Company, without par value which were issued and outstanding immediately before completion of the Acquisition, were split into 2,000,000 common shares without par value.

The Company’s financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. At July 31, 2024, the Company had no sources of revenue and had an accumulated deficit of \$62,645 (July 31, 2023 - \$57,043). At July 31, 2024, the Company had cash of \$4,146 (July 31, 2023 - \$4,146) and working capital deficit of \$27,069 (July 31, 2023 - \$21,467). These conditions raise material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern and the recoverability of past expenditures mainly in day-to-day operations are dependent upon the ability of the Company to obtain necessary financing and/or loans to successfully complete its future objectives. Management pursues relationships and alliances with diverse entities in order to attract additional sources of funds or other transactions that would assure the continuance of the Company’s operations.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A and in certain documents incorporated by reference in this MD&A, constitute forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of (i) this MD&A or (ii) as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

The forward-looking information in this MD&A reflects the current expectations, assumptions or beliefs of the Company based on information currently available to the Company. With respect to forward looking information contained in this MD&A, the Company has made assumptions regarding, among other things, the Company’s ability to successfully generate sufficient funds from capital markets to meet its future obligations as and when required, assumptions relating to the Company’s critical accounting policies, the Company’s business, the Company’s ability to pursue potential corporate transactions, the Company’s ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company’s demand. Although the Company believes that the assumptions inherent in the forward- looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.

This MD&A (See “FINANCIAL INSTRUMENTS AND RISK”) contain information on risks, uncertainties and other factors relating to the forward - looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward - looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many

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of the factors are beyond the Company’s control. Accordingly, readers should not place undue reliance on forward - looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

During the three months ended July 31, 2024, net loss of \$7,463 (July 31, 2023 - \$3,639) were comprised of the following.

- i) Professional fees were \$7,250 (July 31, 2023 - \$6,750), comprising of audit and accounting charges;
- ii) Legal expenses were \$618 (July 31, 2023 - \$nil); and
- iii) Recovery of expenses were \$405 (July 31, 2023 – 3,111).

During the year ended July 31, 2024, net loss of \$5,602 (July 31, 2023 - \$11,019) were comprised of the following.

- i) Professional fees were \$9,250 (July 31, 2023 - \$9,000), comprising of audit and accounting charges;
- ii) Legal expenses were \$4,892 (July 31, 2023 - \$5,130) related to corporate and general matters and related to the Company pursuing a corporate transaction; and
- iii) Recovery of expenses were \$8,540 (July 31, 2023 - \$3,112).

LIQUIDITY AND CAPITAL RESOURCES

The Company’s activities have been funded to date through the issuance of common shares.

Zero Candida (formerly 1319743 B.C. Ltd.), recently completed its business acquisition of Zero Candida Ltd., an Israeli private company (“ZC” and “Acquisition” respectively). In connection with the completion of the Acquisition, the Company split its share capital on a fifty-five thousand five hundred fifty-five (55,555) common shares for one (1) common share basis, so that 36 common shares of the Company, without par value which were issued and outstanding immediately before completion of the Acquisition, were split into 2,000,000 common shares without par value.

The share split has been applied retrospectively as if it had been in effect since the date of incorporation.

SELECTED FINANCIAL INFORMATION

	For the year ended July 31, 2024	For the year ended July 31, 2023
Revenue	\$ Nil	\$ Nil
Net loss for the year	\$ (5,602)	\$ (11,019)
Net loss per common share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares	2,000,000	2,000,000
Statement of financial position data:		
Working capital (deficiency)	\$ (27,069)	\$ (21,467)
Total assets ¹	\$ 4,146	\$ 4,146

¹ Total asset consist primarily of cash in the Trust account.

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SUMMARY OF QUARTERLY RESULTS

	July 31, 2024	April 30, 2024	January 31, 2024	October 31, 2023
Total assets	\$ 4,146	\$ 4,146	\$ 4,146	\$ 4,146
Working capital (deficiency)	(27,067)	(19,606)	(27,241)	(23,682)
Shareholders' equity (deficiency)	(27,067)	(19,606)	(27,241)	(23,682)
Revenue	-	-	-	-
Operating expenses	(7,463)	7,634	(3,559)	(2,214)
Net Gain / (loss)	(7,463)	7,634	(3,559)	(2,214)
Basic and diluted loss per share	(0.00)	0.00	(0.00)	(0.00)

	July 31, 2023	April 30, 2023	January 31, 2023	October 31, 2022
Total assets	\$ 4,146	\$ 12,310	\$ 7,699	\$ 9,191
Working capital (deficiency)	(21,467)	(17,828)	(17,078)	(10,448)
Shareholders' equity (deficiency)	(21,467)	(17,828)	(17,078)	(10,448)
Revenue	-	-	-	-
Operating expenses	(3,639)	(750)	(750)	(5,880)
Net Gain / (loss)	(3,639)	(750)	(750)	(5,880)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. As at July 31, 2024, the carrying value of accounts payable and accrued liabilities approximate their fair value due to their short term to maturity. Cash is measured at fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. As at July 31, 2024, the Company had cash balance of \$4,146 (July 31, 2023 - \$4,146) and current liabilities of \$31,215 (July 31, 2023 - \$25,613). To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Credit risk

The Company's credit risk is primarily attributable to its liquid financial assets and would arise from the non-performance by counterparties of contractual financial obligations. The Company limits its exposure to credit risk on liquid assets by maintaining its cash with high-credit quality financial institutions, for which management believes the risk of loss to be minimal.

Interest rate risk

As of July 31, 2024, the Company has no interest-bearing term deposits.

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Currency risk

The Company is not exposed to foreign currency risk.

OUTSTANDING SHARE DATA

As at the date of this report:

- a) Authorized: unlimited common shares without par value.
- b) Issued and outstanding: 19,533,037 common shares.
- c) Outstanding stock options: At November 28, 2024, there are 1,450,643 outstanding stock options.
- d) Outstanding warrants: At November 28, 2024, there are no warrants outstanding.

CAPITAL MANAGEMENT

The Company considers its capital to be the components of shareholders’ equity. The Company’s objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company’s approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

On October 20, 2021, Shimcity Inc. (“Shimcity”), a corporation controlled by the former director of the Company, and 2657456 Ontario Inc. (“265”), a corporation controlled by the former director of the Company (collectively, the “Acquirors”) acquired an aggregate of 10 Common Shares.

On January 21, 2022, pursuant to a private placement, both Shimcity and 265 acquired 13 Common Shares each. Included in loans payable (Note 5) were \$1,787 owed to Shimcity and \$1,787 owed to 265. There were no other related party transactions for the years July 31, 2024 and July 31, 2023. Although Shimcity and 265 are not related parties, they hold significant influence through their share ownership.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

NEWLY ADOPTED ACCOUNTING POLICIES, FUTURE ACCOUNTING POLICIES AND FINANCIAL INSTRUMENTS

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Please refer to Note 2 of the annual audited financial statements for the years ended July 31, 2024 posted on www.sedarplus.ca.

SUBSEQUENT EVENTS

On November 14, 2024, the Company announced that it completed its business acquisition of Zero Candida Ltd., an Israeli private company (“ZC” and “Acquisition” respectively).

Pursuant to the terms of the Acquisition, the Company issued a total of 17,533,037 common shares (9.6165 common shares in the capital of the Company for each ordinary share in the capital of ZC) (the “Payment Shares”). Following completion of the Acquisition, ZC became a wholly-owned subsidiary of the Company.

In addition, in connection with closing of the Acquisition, the Company issued 1,450,643 incentive stock options to employees of ZC (9.6165 incentive Options in exchange for each currently outstanding ZC Option). The terms of the exercise of the Options shall be consistent with the terms of the originally issued underlying ZC securities.

On November 25, 2024, the Company’s shares started trading on the TSX Venture Exchange (the “TSXV”).

CONTINGENCIES

There are no contingent liabilities.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management’s estimates.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

OTHER MD&A REQUIREMENTS

Additional disclosure of the Company’s technical reports, material change reports, news releases and other information can be obtained on SEDAR at www.sedarplus.ca.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

In connection with National Instrument 52-109, Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52-109”) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.