

ZERO CANDIDA LTD.

FINANCIAL STATEMENTS

September 30, 2024

(UNAUDITED)

CAD IN THOUSANDS

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company for the nine months ended September 30, 2024, have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditors.

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ZERO CANDIDA LTD.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

CAD in thousands (except for number of shares and share price)

	<u>As of September 30,</u> 2 0 2 4 <u>(Unaudited)</u>	<u>As of December 31,</u> 2 0 2 3 <u>(Audited)</u>
Assets		
Current assets		
Cash and cash equivalents	78	174
Bank deposits	2,208	1,465
Other accounts receivable	30	54
Total current assets	2,316	1,693
Non-current assets		
Right for use of leased assets	29	35
Total non-current assets	29	35
Total assets	2,345	1,728
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	2	2
Other accounts payable	587	390
Current maturities of lease liabilities	9	8
Total current liabilities	598	400
Non-current liabilities		
Lease liabilities	21	27
Total liabilities	619	427
Shareholders' Equity		
Share capital	1	-*
Share premium	5,552	2,295
Share-based payments	1,693	3,155
Foreign currency translation adjustments	58	44
Accumulated deficit	(5,578)	(4,193)
Total equity	1,726	1,301
Total equity and liabilities	2,345	1,728

* Represent amount less than CAD 1

/s/ "Eli Ben-Haroosh"

Eli Ben Harosh
Chief Executive Officer and
Director

/s/ "Sophya Galper-Komet"

Sophya Galper Komet
Chief Financial Officer

November 29, 2024

Date of approval of the
financial statements

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

ZERO CANDIDA LTD.

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CAD in thousands

	For the period of nine months ended		For the period of three months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	-	-	-	-
Cost of revenue	-	-	-	-
Gross profit (loss)	-	-	-	-
Research and development expenses	(889)	(1,855)	(294)	(587)
General and administrative expenses	(567)	(324)	(249)	(186)
Net operating loss	(1,456)	(2,179)	(543)	(772)
Finance expense	(2)	**-	(1)	**-
Finance income	73	**-	73	**-
Loss	(1,385)	(2,179)	(470)	(772)
Other comprehensive loss:				
Amounts that will not be reclassified subsequently to profit or loss:				
Foreign currencies translation adjustments	14	(52)	(229)	(91)
Total other comprehensive loss	14	(52)	(229)	(91)
Total comprehensive loss	(1,371)	(2,231)	(699)	(863)
Loss per share attributable to ordinary shareholders of the Company:				
Basic and diluted loss per share	*(0.00)	*(0.00)	*(0.00)	*(0.00)

* Represent amount less than CAD 0.001

** Represent amount less than CAD 1

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

ZERO CANDIDA LTD.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

CAD in thousands

	<u>Share Capital</u>	<u>Share premium</u>	<u>Share-based payments transactions</u>	<u>Foreign currencies translation adjustments</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance as of January 1, 2024 (Audited)	* -	2,295	3,155	44	(4,193)	1,301
Issuance of shares	1	3,257	(1,959)	-	-	1,299
Share-based payments	-	-	497	-	-	497
Loss for the period	-	-	-	-	(1,385)	(1,385)
Other comprehensive income	-	-	-	14	-	14
Balance as of September 30, 2024 (Unaudited)	<u>1</u>	<u>5,552</u>	<u>1,693</u>	<u>58</u>	<u>(5,578)</u>	<u>1,726</u>
Balance as of January 1, 2023 (Audited)	* -	37	1,386	2	(1,680)	(255)
Issuance of shares	* -	2,310	-	-	-	2,310
Share-based payments	-	-	1,493	-	-	1,493
Loss for the period	-	-	-	-	(2,179)	(2,179)
Other comprehensive loss	-	-	-	(52)	-	(52)
Balance as of September 30, 2023 (Unaudited)	<u>*-</u>	<u>2,347</u>	<u>2,879</u>	<u>(50)</u>	<u>(3,859)</u>	<u>1,317</u>

(*) Represent amount less than CAD 1.

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

ZERO CANDIDA LTD.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS****CAD in thousands**

	For the period of nine months ended September 30,	
	2 0 2 4	2 0 2 3
	(Unaudited)	(Unaudited)
<u>Cash flows from operating activities</u>		
Loss	(1,385)	(2,179)
Adjustments required for presenting cash flows from operating activities (Appendix A)	712	1,594
Net cash used in operating activities	(673)	(585)
<u>Cash flows from investing activities</u>		
Long term deposits	(742)	(1,409)
Net cash used in investing activities	(742)	(1,409)
<u>Cash flows from financing activities</u>		
Shares issuance and premium on shares	1,299	2,310
Repayment of lease	6	-
Net cash provided by financing activities	1,305	2,310
Net decrease in cash and cash equivalents	(110)	316
Exchange rate differences on balances of cash and cash equivalents	14	(52)
Cash and cash equivalents at the beginning of period/year	174	6
Cash and cash equivalents at the end of period/year	78	270

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

ZERO CANDIDA LTD**CONDENSED INTERIM STATEMENTS OF CASH FLOWS****CAD in thousands**

Appendix A - Adjustments required for presenting cash flows from operating activities:

	For the period of nine months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Significant non-cash transactions:		
Depreciation	(7)	-
Financing expenses, net	2	-
Share-based payments	497	1,493
Changes in operating assets and liabilities:		
Increase in accounts payable	24	(52)
Increase (decrease) in other accounts receivable	196	153
	<u>712</u>	<u>1,594</u>

ZERO CANDIDA LTD.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023 (UNAUDITED)

CAD in thousands (except for number of shares and share price)

Note 1 - General

A. Reporting Entity

Zero Candida Ltd. a development stage Company (the "Company") was incorporated as a privately held company registered in Israel on January 3th 2022 and since then has developed a AI smart tampon-like device, designed to treat Candidiasis and transfer the AI with WIFI to the doctor, a very common fungal infection. The patent technology is a combination of a therapy light source with a selected wavelength and intensity, and a transparent gel-based drug delivery system as well as maintaining the optimum Ph in the vagina. The device is used for up to one night and in 3 hours demonstrated a 99.9999% Elimination of the fungus in the vagina.

The Company Product

The Company developed a developed a smart tampon-like device, designed to treat Candidiasis, a very common fungal infection. The device is based on smart technology that distributes light and a sensor that gathers and conveys data. The technology and the sensor itself are both patented and together they provide focused and very precise treatment, supported by proven scientific data.

The company aims to create an approved prototype for pre-clinical safety testing, followed by clinical testing on humans, that will start by the beginning of 2024.

Patents

On May 2023, the Company was granted a South African patent (Patent No: 2022/09265), As of the valuation date the has applied for Patents in Israel, the US, and Canada. The abstract in the patent application states the following claims:

"Bio adhesive mini-tablets offer potential for improved residence time in the vaginal cavity targeting contact with mucosal tissue and prolonged release of the drug. Mini-tablets with a matrix of either HPMC or HPC were found to possess adequate mechanical strength, bio adhesive behavior towards cow vaginal tissue, and show pH independent controlled release of the drug, suggesting that both systems are equally suited for the treatment of both pre- and post-menopausal women. Mini-tablet formulations based on MC or HEC were mechanically weaker and disintegrated fast upon contact with fluids, and therefore released the full drug load within a few minutes. Bioadhesion towards vaginal tissue could not be successfully evaluated, either in the rotating cylinder test or in the detachment test".

Reverse mergers

The Company entered into a triple sleeve reverse merger agreement (the "Agreement") with the Stock Exchange Skeleton 1319743 Ltd. ("131") pursuant to the agreement, the Company and 131 agreed to a proposed purchase by the company of 100% of the issued and outstanding securities of Zero Candida in exchange for the issuance of the Company's securities. The transaction is intended to constitute a reverse takeover of the Company. In accordance with the agreement, the transaction is expected to be considered a triple sleeve reversal merger, where the wholly owned Israeli subsidiary of 131 Ltd., which was incorporated solely for the purpose of the transaction, is expected to merge with Zero Candida.

There are currently an aggregate of 36 ordinary shares of the Company ("131 shares") issued and operating without securities convertible into 131 shares. Immediately prior to the completion of the transaction, the Company will take all necessary corporate steps to complete a split of 131 shares for which 131 will have a total of 2,000,000 issued and outstanding shares.

ZERO CANDIDA LTD.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023 (UNAUDITED)

CAD in thousands (except for number of shares and share price)

Note 1 – General (Continued)

A. Reporting Entity (Continued)

The closing of the Agreement is subject to certain condition and statutory and regulatory approval in Israel and Canada.

On May 29, 2024, the Company applied to Israeli court for an exemption of filing a prospectus under the Israeli Security Law and Company Laws and Regulations, for which the Israel Securities Authority did not oppose the Company request.

On August 10, 2024 the court resolved to exempt the Company from filing a prospectus under the Israeli Security Law and Company Laws and Regulations.

On August 19, 2024, the Israel Tax Authority by the International Mergers Department provided the Company with a tax ruling exempting the Company, its shareholders, optionees and investors from taxes due upon the completion of the proposed reverse merger.

The reverse merge will consist of two simultaneous mergers, whereby, the Company will merge in Israel with a fully owned subsidiary company of 131 formed under the Company Law of Israel in the name 1319743 BC Ltd. and immediately following this merger, the merged entity Zero Candida Ltd. shall be upon a reverse merger with 131, a fully owned subsidiary of 131.

The application of the Company for a reverse merger with 1319743 BC Ltd. was approved by the Israeli Corporate Registrar on August 15, 2024, subsequent to the date of the statement of financial position.

B. Definitions

In these financial statements:

Related parties - as defined in IAS 24

CAD - Canadian dollar

C. Material event in the reporting period

Effects of the “Iron Swords” war

Following the brutal attacks on Israel, the mobilization of army reserves and the Government declaration of a state of war (“Iron Swords” war) in October 2023, there was a decrease in Israel’s economic and business activity. The security situation has led, inter alia, to a disruption in the chain of supply and production, a decrease in the volume of national transportation, a shortage in manpower as well as a decrease in the value of financial assets and a rise in the exchange rate of foreign currencies in relation to the shekel.

The Company has examined the effects of the aforesaid and on the basis of several scenarios that were examined, has reached the conclusion that the Company is able to continue paying its liabilities in the foreseeable future. In this examination, the Company relied on forecasts and on the liquid assets at its disposal, unutilized credit facilities, possibilities for cost cutting, streamlining plans, unencumbered assets, and so forth.

ZERO CANDIDA LTD.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023 (UNAUDITED)

CAD in thousands (except for number of shares and share price)

Note 1 – General (Continued)

D. Disclosure of certain risks and uncertainties

The Company's operations of developing and designing a medical device is subject to local and international regulatory requirements and standards and is characterized by frequent significant changes in technology and requirements heavy regulations in the global market and the Israeli market.

The Company is in a preliminary development phase and its success depends on several factors including, regulatory and standard requirements, dependence on professional and key personnel, fund raising for R&D activity and finding a strategic partner for penetrating the global market. Some of the Company's competitors or potential competitors may have greater or better knowledge, technology, financial resources, and business experience. Therefore, the Company's ability to continue and achieve its research and development goals and plan and its ability to introduce to the markets medical devices that meets market requirements in quality and prices is not guaranteed.

The Company's activity is affected by the various supervisory authorities' policy to approve its products. Delayed or refused approval to develop and market products by the Company will negatively affect further development and the progression to the next development phase. Hence the field of therapeutic vaccine combines varied and numerous uncertainties. Even at a very late stage of development, the product may not perform as expected or may fail to meet various regulatory criteria. Consequently, development may cease with a loss of the vast resources invested prior thereto. The Company's research and development operations is dependent upon certain key personnel including related parties.

E. Financial position

The Company has incurred continuous losses from its research and development operations and has generated negative cash flows from operating activities of CAD 671 and CAD 585 during the six months ended on September 30, 2024 and 2023, respectively.

The Company has so far financed its operations mainly by shareholders' equity resulting from capital raising. The Company is expected to further generate losses from research and development operations which will be expressed in negative cash flows from operating activity. Hence the continuation of the Company's operations depends on raising the required financing resources, generating income and reaching profitability, which are not guaranteed at this point. The Company's ability to continue as a going concern, is dependent on the Company meeting the factors of the business plan designed by Management, forecasts and related key assumption, potential liquidity risks and cash flow projection.

As part of their ongoing responsibilities, the Company's Board of Directors and Management have undertaken a thorough review of the Company's cash flow forecast and potential liquidity risks. Forecasts of operating results and cash flow projections were prepared for the period of 12 months from the date of approval of the financial statements. According to such projections, the Company's Board of Directors and Management believe that the Company have sufficient resources for the continuation of its research and development activities and to meet its obligations for at least 12 months from the date of approval of the financial statements.

ZERO CANDIDA LTD.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023 (UNAUDITED)

CAD in thousands (except for number of shares and share price)

Note 1 – General (Continued)

As of September 30, 2024, the Company's balance of cash and cash equivalents and bank deposits in total amount of CAD 2,285.

Note 2 - Basis of presentation

A. Statement of compliance

These interim financial statements as of June 30, 2024, were prepared in a condensed format in accordance with IAS 34, "Interim Financial Reporting" (hereafter: "Interim Financial Statements").

Therefore, the Interim Financial Statements do not include all the disclosure necessary for a complete presentation of financial condition, results of operations, cash flows and all the data and notes, which are required when preparing annual financial statements, in conformity with IFRS.

The Interim Financial Statements have been approved by the Directors of the Company on September 8, 2024; and are the responsibility of directors of the Company, who are responsible for preparing the Interim Financial Statements in accordance with IFRS.

The Interim Financial statements should be read in conjunction with the Company's annual audited financial statements as of December 31, 2023, and for the year then ended and accompanying notes (hereinafter: "Annual Audited Financial Statements").

Accounting principles used in the preparation of the Interim Financial Statements are consistent with those principles used in the preparation of the latest Annual Audited Financial Statements of the Company.

All significant accounting policies have been applied consistently with the Annual Audited Financial Statements.

B. Use of Estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to exercise judgment when making assessments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described in Note 3.A, the significant judgments made by management in applying the Company's accounting policies and the principal assumptions used in the estimation of uncertainty were the same as those that applied to the annual financial statements.

ZERO CANDIDA LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023
(UNAUDITED)

CAD in thousands (except for number of shares and share price)

Note 3 – Material accounting policies

Except as described below in Item A, the accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Group in its annual financial statements for 2023.

Presented hereunder is a description of the changes in accounting policies applied in these condensed consolidated interim financial statements and their effect:

A. Initial application of new standards, amendments to standards and interpretations

<u>Amendment</u>	<u>Disclosure</u>	<u>Effective date and transition</u>	<u>Effects</u>
<p>Amendment to IAS 1, <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i> and subsequent amendment: <i>Non-Current Liabilities with Covenants</i></p>	<p>The Amendment, together with the subsequent amendment to IAS 1 (see hereunder) replaces certain requirements for classifying liabilities as current or non-current. According to the Amendment, a liability will be classified as non-current when the entity has the right to defer settlement for at least 12 months after the reporting period, and it "has substance" and is in existence at the end of the reporting period.</p> <p>According to the subsequent amendment, as published in October 2022, covenants with which the entity must comply after the reporting date, do not affect classification of the liability as current or non-current. Additionally, the subsequent amendment adds disclosure requirements for liabilities subject to covenants within 12 months after the reporting date, such as disclosure regarding the nature of the covenants, the date they need to be complied with and facts and circumstances that indicate the entity may have difficulty complying with the covenants</p> <p>Furthermore, the Amendment clarifies that the conversion option of a liability will affect its classification as current or non-current, other than when the conversion option is recognized as equity.</p>	<p>The Amendment and subsequent amendment are effective for reporting periods beginning on or after January 1, 2024. The Amendment and subsequent amendment are applicable retrospectively, including an amendment to comparative data.</p>	<p>Application of the Amendment did not have a material effect on the financial statements.</p>

ZERO CANDIDA LTD.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023
(UNAUDITED)

CAD in thousands (except for number of shares and share price)

Note 3 - Material accounting policies (Continued)

B. New standards, amendments to standards and interpretations not yet adopted

<u>Standard</u>	<u>Disclosure</u>	<u>Effective date and transition</u>	<u>Effects</u>
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	<p>This standard replaces IAS 1, <i>Presentation of Financial Statements</i>. The purpose of the standard is to provide improved structure and content to the financial statements, particularly the income statement.</p> <p>The standard includes new disclosure and presentation requirements that were taken from IAS 1, <i>Presentation of Financial Statements</i>, with small changes.</p> <p>As part of the new disclosure requirements, companies will be required to present two subtotals in the income statement: operating profit and profit before financing and taxes. Furthermore, for most companies, the results in the income statements will be classified into three categories: operating profit, profit from investments and profit from financing.</p> <p>In addition to the changes in the structure of the income statements, the standard also includes a requirement to provide separate disclosure in the financial statements regarding the use of management-defined performance measures (non-GAAP measures). Furthermore, the standard adds specific guidance for aggregation and disaggregation of items in the financial statements and in the notes. The standard will encourage companies to avoid classifying items as 'other' (for example, other expenses), and using this classification will lead to additional disclosure requirements.</p>	<p>The standard is effective from annual reporting periods beginning on or after January 1, 2027 with earlier application being permitted</p>	<p>The Company is examining the effects of the standard on its financial statements with no plans for early adoption.</p>

ZERO CANDIDA LTD.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023 (UNAUDITED)

CAD in thousands (except for number of shares and share price)

Note 4 - Transactions with related parties

The Company's related parties consist principally, Mr. Eli Ben Haroosh, CEO of the Company, and Dr. Asher Holzer, President and chairmen of the Board of Directors of the Company. The Company conduct transactions with related parties in the ordinary course of business and are measured at fair value.

- On January 3, 2022, Mr. Eli Ben Haroosh entered into consulting service agreement with the Company, whereby Mr. Ben Harish shall act Chief Executive Officer of the Company for a period of one year to be extended for additional 12 months According to the agreement Mr. Ben Haroosh will be entitled for a monthly remuneration for service of CAD 10, and a monthly reimbursement of travel expenses not exceeding CAD 2.5. Payments to Mr. Ben Haroosh shall be deferred to stage where the total aggregate amount of money raised by the Company will exceed USD 1 million and as long and the total amount of cash the Company has is above USD 1 million. During 2023 the Company paid Mr. Ben Haroosh a remuneration of CAD 77.
- On January 3, 2022, Dr. Asher Holzer entered into consulting service agreement with the Company, whereby he shall act President and chairmen of the Board of Directors of the Company, for a period of one year to be extended for additional 12 months. According to the agreement the Company will pay to Dr. Asher Holzer will be entitled to a monthly remuneration of CAD 5 and monthly reimbursement of travel expenses not exceeding CAD 2.5. Payments to Mr. Holzer shall be deferred to stage where the total aggregate amount of money raised by the Company will exceed USD 2.5 million and the total amount of cash the Company has is above USD 2.5 million. During 2023 the Company paid Dr. Asher Holzer prior to achieving the provision of aggregate amount of raising, an advanced payment for his remuneration in the amount of CAD 19.
- On March 16,2022, Prof. Ehud Davidson was elected as a chairman of the company's Board of Directors, head of scientific board, managing the CRA & the Company's clinical research team. In July 2022, the Company granted Prof Ehud Davidson with 50,000 stock options with total fair value at the granting date of the CAD 795. The stock options granted are vested on a monthly basis over 2 years from the date of granting.

In April 2024, Prof. Ehud Davidson exercised 41,666 options and serves only as a member of the Advisory Board.

- On March 16,2022, Prof. Asnat Walfisch was elected as a chairwoman of the Company's Scientific and Clinical Advisory Board, responsible on CRA & conducting the meetings of the scientific board.
- In July 2022, the Company granted Prof. Asnat Walfisch with 25,000 share options with total fair value of the CAD 397 at the granting date. The stock options granted are vested on a monthly basis over 2 years from the date of granting.

On April 2024, Prof. Asnat Walfisch exercised 20,833 options, and serves only as a member of the Advisory Board.

- On April 24, 2022, Prof. Tal Biron was elected as a member of the Company's Board of Directors.

ZERO CANDIDA LTD.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023 (UNAUDITED)

CAD in thousands (except for number of shares and share price)

Note 4 - Transactions with related parties (continued)

In July 2022, the Company granted Prof. Tal Biron with 25,000 share options with total fair value of the CAD 397 at the granting date. The stock options granted are vested on a monthly basis over 2 years from the date of granting.

On April 2024, Prof. Tal Biron serves only as a member of the Advisory Board.

- Mrs., Sophie Galper a 50% shareholder of 131, act as the Company's CFO, see also Note 1A. Following the reverse merger, the CFO's salary will be CAD 3 per month.

Note 5 – Shareholder's equity

The Company's share capital comprises of Ordinary Shares of 0.001 NIS par value each, as follows:

	<u>As of September 30, 2024</u>		<u>As of September 30, 2023</u>	
	<u>Authorized</u>	<u>Issued and paid up</u>	<u>Authorized</u>	<u>Issued and paid up</u>
Ordinary Shares	<u>10,000,000</u>	<u>1,730,941</u>	<u>10,000,000</u>	<u>1,499,941</u>

- 1) The Company's Ordinary Share provides its owners: voting rights, participants in the shareholder's meetings, earnings participant rights, and retained earnings participants in case of company liquidation.
- 2) During financial year ended December 31, 2022, 1,000,000 Ordinary Shares of 0.001 NIS par value were issued to 2 controlling shareholders the Chairman of the Bord of Directors and the Chief Executive Office of the Company, for their par value of 0.001 NIS per Ordinary Share.
- 3) During financial year ended December 31, 2022, 5,506 Ordinary Shares of 0.001 NIS par value were issued for a total consideration of CAD 37 (approximately 95 NIS thousand).
- 4) During financial year ended December 31, 2023, 494,435 Ordinary Shares of 0.001 NIS par value were issued for a total consideration of CAD 2,295 (approximately 6,356 NIS thousand), for a price of 15.9 NIS per Ordinary Share (average price, net of direct issuance costs 12.9 NIS per Ordinary Share).
- 5) During the nine months ended September 30, 2024, 107,296 warrants and 123,704 stock options issued by the Company have been exercised into 231,000 ordinary shares of the Company upon a payment of their exercise price, net of direct issuance costs, of CAD 1,299 (3,589 NIS thousands).
- 6) On October 30, 2024, subsequent to the date of the statement of financial position, the Company completed a non-brokered financing of CAD 902 through the issuance of 93,784 Ordinary Shares, at the price of CAD 9.617 per share. In addition, in connection with this offering, the Company issued a total of 3,335 Ordinary Shares (at nominal value) as a finder's fee.

ZERO CANDIDA LTD.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SEPTEMBER 30, 2023
(UNAUDITED)**

CAD in thousands (except for number of shares and share price)

Note 6 – Share based payments

In March 2024, the Company granted 24,822 stock options to employees and service providers with total fair value of the CAD 556. For the employees the stock options shall be vested over 24 months during, and for the service providers the share options vest over various period, most of the share options are vested over 12 months with graded quarterly vesting.

The fair value of the options granted, was estimated using of the Black-Scholes and Marton Pricing Model. The parameters used in application of the model at the date of grant are: Ordinary share fair value CAD 26.92, risk-free interest rate of 4.20%-4.67%, expected life of the stock options of 2 - 4.25 years and volatility rate of 25.20%-29.12%.