

**Zero Candida Technologies Inc.  
(formerly 1319743 B.C. Ltd.)**

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APPLICATION FOR THE LISTING  
OF COMMON SHARES IN THE CAPITAL OF  
ZERO CANDIDA TECHNOLOGIES INC.  
ON THE TSX VENTURE EXCHANGE

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*No securities regulatory authority or the TSX Venture Exchange has expressed an  
opinion about the securities which are the subject of this application*

**Dated as of November 14, 2024**

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## ITEM 2A - GLOSSARY OF TERMS

In this listing application (the “Listing Application”), unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the policies of the TSX Venture Exchange and applicable securities laws. In the event of a conflict between a term defined in this Glossary and a term defined in the policies of the TSX Venture Exchange, the definition of the TSX Venture Exchange will govern.

- “131” or “Company”** means 1319743 B.C. Ltd., as it exists prior to the Completion of the Transaction.
- “131 Shares”** means the common shares in the capital of 131.
- “131 Share Split”** means the share split following which 131 will have a total of 2,000,000 131 Shares.
- “131 Shareholder”** means a registered holder of 131 Shares, from time to time.
- “\$”** means Canadian dollars.
- “Affiliate”** means a company that is affiliated with another company as described below:
- A company is an “Affiliate” of another company if:
- (a) one of them is the subsidiary of the other, or
  - (b) each of them is controlled by the same Person.
- A company is “controlled” by a Person if:
- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
  - (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.
- A Person beneficially owns securities that are beneficially owned by:
- (a) a company controlled by that person, or
  - (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.
- “AI”** means artificial intelligence.
- “Arm’s Length Transaction”** means a transaction which is not a Related Party Transaction.
- “Associate”** when used to indicate a relationship with a Person, means:
- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

- (b) any partner of the person or company;
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;
- (d) in the case of a person, a relative of that person, including:
  - (i) that person's spouse or child, or
  - (ii) any relative of the person or of his spouse who has the same residence as that person;

but

- (e) where the TSXV determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSXV Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

<b>“Audit Committee”</b>	means the anticipated audit committee of the Resulting Issuer constituted in accordance with NI 52-110.
<b>“BCBCA”</b>	means the <i>Business Corporations Act</i> (British Columbia).
<b>“Business Combination Agreement”</b> or <b>“Agreement”</b>	means the business combination agreement entered into between the Company and ZC on March 1, 2024, as amended, supplemented and/or restated from time to time, in accordance with its terms.
<b>“Business Day”</b>	means any day, excluding Saturday or Sunday, on which banking institutions are open for business in Vancouver, British Columbia, Canada and Tel-Aviv, Israel.
<b>“Board of Directors”</b>	means the board of directors of the Company or the Resulting Issuer, as the context requires.
<b>“Candidiasis”</b> or <b>“Candida”</b>	means a fungal infection caused by an overgrowth of a type of yeast that lives on your body ( <i>Candida albicans</i> );
<b>“CDC”</b>	Center for Disease Control.
<b>“CEO”</b>	means Chief Executive Officer.
<b>“Certificate of Merger”</b>	means the certificate in respect of the merger part of the Transaction issued by the Israeli Registrar of Companies;
<b>“CFO”</b>	means Chief Financial Officer.
<b>“Closing”</b>	means the closing of the Transaction in accordance with the terms of the business Combination Agreement.

<b>“Closing Date”</b>	means the closing date of the Transaction.
<b>“Clotrimazole”</b>	means a synthetic imidazole with a broad spectrum of antimycotic activity, an FDA-approved drug to treat oral candidiasis, vaginal candidiasis, and dermatomycoses.
<b>“Common Shares”</b>	means the common shares in the capital of the Company or the Resulting Issuer, as the context requires.
<b>“Company” or “131”</b>	means 1319743 B.C. LTD.
<b>“Completion Date”</b>	means the date the Final Exchange Bulletin is issued by the TSXV.
<b>“Completion of the Transaction”</b>	means the completion of the Transaction in accordance with the terms of the Business Combination Agreement.
<b>“Control Person”</b>	means any Person or company that holds or is one of a combination of Persons or companies that holds a sufficient number of any of the securities of an issuer so as to materially affect the control of the issuer, or that holds more than 20% of the voting securities of the issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
<b>“Escrow Agent”</b>	means Endeavor Trust Corporation.
<b>“FDA”</b>	means the Food and Drug Administration (United States), which is an agency of the United States Department of Health and Human Services and is responsible for regulating and supervising the safety of foods, dietary supplements, drugs, vaccines, biological medical products, blood products, medical devices, radiation-emitting devices, veterinary products, and cosmetics.
<b>“Final Exchange Bulletin”</b>	means the TSXV bulletin that is issued following the closing of the Transaction and the submission of the required documentation that evidences the final TSXV acceptance of the Transaction.
<b>“Financial Statements”</b>	has the meaning set out under the heading “ <i>Currency, Financial Information and Accounting Principles</i> ”.
<b>“HEC”</b>	means hydroxyethyl cellulose.
<b>“HPC”</b>	means hydroxypropyl cellulose.
<b>“HPMC”</b>	means hydroxypropyl methylcellulose.
<b>“IFRS”</b>	means International Financial Reporting Standards applicable as at the relevant date.
<b>“Insider”</b>	if used in relation to an issuer, means: <ul style="list-style-type: none"> <li>(a) a director or senior officer of an issuer;</li> </ul>

(b) a director or senior officer of the Company that is itself an insider or a subsidiary of the issuer;

(c) a Person that has:

- (i) beneficially ownership of, or control or direction over, directly or indirectly, or
- (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly,

securities of an issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the Person as underwriter in the course of distribution, or

(d) the issuer if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security.

**“Intellectual Property”**

means all: (i) trademarks, service marks, trade names and other indications or origin, including all goodwill associated with all of the foregoing, in any jurisdiction; (ii) inventions, discoveries and ideas (whether patentable or unpatentable and whether or not reduced to practice), and all patents and applications for patents; (iii) trade secrets, know-how, confidential information, and other proprietary rights and information; (iv) copyrights and works of authorship, whether copyrightable or not, and all applications, registrations and renewals in connection therewith, in any jurisdiction; (v) internet domain names; (vi) computer technology, equipment, devices, systems, hardware, software and databases; and (vii) other similar intellectual property or proprietary rights.

**“Intellectual Property of ZC”**

means the Intellectual Property that surrounds a smart tampon-like device which is based on a therapy light source with a selected wave length and intensity that can treat Candidiasis and kill candida – a source of a number of fungal infections in people. This invention opens a world of possibilities for the treatment of a range of women's diseases and other medical issues. The focus is on VVC (single-episode and recurrent VVC) which is a very common, troublesome fungal infection which causes irritation, discharge and severe degeneration of the vagina and can severely affect the quality of life of the affected women.

**“Israeli Companies Law”**

means the Israeli Companies Law, 5759-1999, as it will be amended from time to time, and all of the regulations that have been or will be enacted thereunder, as they will be enacted from time to time.

**“Israeli Registrar of Companies”**

means the Government Authority in the State of Israel responsible for the supervision, registration and enforcement over corporations in Israel

**“Listing”**

means the proposed listing of the Common Shares on the TSXV.

**“Listing Application”**

means this listing application dated November 14, 2024, together with

all schedules attached hereto.

- “Listing Date”** means the date on which the Common Shares of the Company are listed for trading on the TSXV.
- “MC”** means methyl cellulose.
- “MD&A”** means Management’s Discussion and Analysis included in this Listing Application.
- “Named Executive Officers” or “NEOs”** means the CEO and CFO and the next three next most highly compensated executive officers who are currently serving as executive officers.
- “NI 41-101”** means National Instrument 41-101 – *General Prospectus Requirements*.
- “NI 45-102”** means National Instrument 45-102 – *Resale of Securities*.
- “NI 52-110”** means National Instrument 52-110 – *Audit Committees*;
- “NI 58-101”** means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.
- “NP 46-201”** means National Policy 46-201 – *Escrow for Initial Public Offerings*
- “Non Arm’s Length Party”** means in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including the Company) and any Associates or Affiliates of any such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.
- “Options”** means incentive options to acquire Common Shares.
- “Ph”** means potential of hydrogen, a measure of the concentration of hydrogen ions in the substance.
- “Principal”** of an issuer means:
- (a) a person or company who acted as a promoter of the issuer within two years before the prospectus;
  - (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the prospectus;
  - (c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's initial public offering; or
  - (d) a 10% holder – a person or company that:

- (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's initial public offering, and
- (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries;

<b>“Registrar”</b>	means the Registrar of Companies appointed under the BCBCA.
<b>“Regulatory Approval”</b>	means the approval of the Transaction by the TSXV.
<b>“Related Party Transaction”</b>	has the meaning ascribed to that term in TSXV policy 5.9 <i>Protection of Minority Security Holders in Special Transactions</i> , and includes a related party transaction that is determined by the TSXV to be a Related Party Transaction. The TSXV may deem a transaction to be a Related Party Transaction where the transaction involves Non Arms Length Parties, or other circumstances exist which may compromise the independence of the issuer with respect to the transaction.
<b>“Resulting Issuer”</b>	means the Company, as specifically referred to in this Listing Application, following the Closing of the Transaction.
<b>“Resulting Issuer Shares”</b>	means the common shares in the capital of the Resulting Issuer.
<b>“Resulting Issuer Shareholders”</b>	means the shareholders of the Resulting Issuer.
<b>“SEDAR+”</b>	means the System for Electronic Document Analysis and Retrieval+.
<b>“Subco”</b>	means 1319743 Reverse Merger Ltd., a corporation incorporated under the laws of the State of Israel as a wholly-owned Subsidiary of the Company for the sole purpose of effecting the Acquisition.
<b>“Subco Shares”</b>	means the ordinary shares in the capital of Subco.
<b>“Transaction”</b>	means the series of transactions between ZC and the Company, as detailed in the Business Combination Agreement.
<b>“Transfer Agent”</b>	means Endeavor Trust Corporation, the transfer agent of the Company.
<b>“TSXV”</b>	means the TSX Venture Exchange Inc.
<b>“TSXV Escrow Agreement”</b>	means the escrow agreement to be entered into prior to the Listing, among the Company, the Escrow Agent and certain security holders of the Resulting Issuer pursuant to NP 46-201.
<b>“TSXV Escrow Securities”</b>	means the Common Shares that are held in escrow pursuant to the TSXV Escrow Agreement.

<b>“U.S. Securities Act”</b>	means the <i>United States Securities Act</i> of 1933, as amended.
<b>“VVC”</b>	means Vulvo-Vaginal Candidiasis.
<b>“Wi-Fi”</b>	means a wireless networking technology that uses radio waves to provide wireless high-speed Internet access.
<b>“ZC”</b>	means Zero Candida Ltd., limited liability company number 516520657, a company existing under the laws of the State of Israel;
<b>“ZC Device”</b>	means a smart tampon-like device, designed by ZC to treat Candidiasis.
<b>“ZC Shareholder”</b>	means a registered holder of ZC Shares, from time to time, and “ZC Shareholders” means all such holders.
<b>“ZC Shares”</b>	means the ordinary shares in the capital of ZC.
<b>“ZC Options”</b>	means the stock options to purchase ZC Shares granted to ZC’s directors, officers, employees, contractors and other eligible persons, of which, immediately prior to Completion of the Transaction, there were 150,849 ZC Options issued and outstanding, all of which are held by the Israeli Trustee, including as required under section 102 to Tax Ordinance and under the ZC Plan. The ZC Options are expected to be exchanged with Options under the Option Plan at the Exchange Ratio (defined below).
<b>“ZC Warrants”</b>	means the ordinary share purchase warrants of ZC of which, immediately prior to Completion of the Transaction, there were 269,564 ZC Warrants issued and outstanding. All ZC warrants remaining unexercised immediately prior to completion of the Listing expired and are of no force and effect in accordance with their respective terms.

## ITEM 2B - GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise the terms “we”, “us”, or “our”, refer to Zero Candida Ltd. or the Resulting Issuer, as the context requires.

Certain capitalized and other terms and phrases used in this Listing Application are defined in the “Glossary”.

An investor should rely only on the information contained in this Listing Application and is not entitled to rely on parts of the information contained in this Listing Application to the exclusion of others. Neither the Company nor ZC has authorized anyone to provide investors with additional or different information. The information contained on ZC’s website at <https://zero-candida.com/> is not intended to be included in or incorporated by reference into this Listing Application and prospective investors should not rely on such information. Any graphs, tables or other information demonstrating the historical performance of the Company or ZC or of any other entity contained in this Listing Application are intended only to illustrate past performance and are not necessarily indicative of future performance or the future performance of such entities. The information contained in this Listing Application is accurate only as of the date of this Listing Application or the date indicated.

## ITEM 2C - CURRENCY, FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars and are referred to as “Canadian Dollars” or “\$”. References to “NIS” are to Israeli New Shekels and references to “USD” are to U.S. Dollars.

This Listing Application contains: (i) the unaudited (reviewed) interim financial statements for the Company for nine-months period ended April 30, 2024; (ii) the audited financial statement for the Company for the year ended July 31, 2023 and for the period from incorporation (August 31, 2021) to July 31, 2022, (iii) the unaudited (reviewed) interim financial statement for ZC for the six months period ended June 30, 2024; and (iv) the audited financial statements of ZC for the year ended December 31, 2023 (collectively, the “**Financial Statements**”), all prepared in accordance with IFRS. The financial year end of the Resulting Issuer is proposed to be December 31.

The following table sets out the exchange rates for Canadian dollars per New Israeli Shekel (denoted as ₪ or NIS) in effect at the end of the following periods based on the Bank of Israel spot rate of exchange (as reported by the Bank of Israel, obtained from: <http://www.boi.org.il>):

NIS	Year ended December 31, 2022	Year ended December 31, 2023	Six months ended June 30, 2024
Closing	2.5966	2.737	2.7413
High	2.7274	2.97	2.81
Low	2.4268	2.52	2.62
Average	2.5813	2.7318	2.7342

On October 31, 2024, the closing spot rate for Canadian dollars reported by the Bank of Israel was CAD1.00 = 2.6796 NIS. For the convenience of the reader, the reported NIS amounts have been translated into CAD, at the representative rate of exchange on October 31, 2024 (CAD 1.00 = NIS 2.6796)

## ITEM 2D - NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for the statements of historical fact contained herein, the information presented in this Listing Application and the information incorporated by reference herein, constitutes “*forward-looking information*” within the meaning of applicable Canadian securities law concerning the business, operations and financial performance and condition of the Company. Often, but not always, forward-looking information can be identified by words such as “*pro forma*”, “*plans*”, “*expects*”, “*may*”, “*should*”, “*budget*”, “*scheduled*”, “*estimates*”, “*forecasts*”, “*intends*”, “*anticipates*”, “*believes*”, or variations including negative variations thereof of such words and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. This forward looking information includes, without limitations, statements relating to: the expenses of the Closing of the Transaction; the Listing of the Company on the TSXV and matters related thereto; the intentions, plans and future actions of the Company or ZC; statements relating to the business and future activities of the Company or ZC; anticipated developments in the operations of the Company or ZC; market position, ability to compete and future financial or operating performance of the Company or ZC; the timing and amount of funding required to execute the Company’s or ZC’s business plans, Company’s or ZC’s ability to keep pace with changing consumer preferences, Company’s or ZC’s ongoing ability to conduct business in the regulatory environments in which it operates and may operate in the future; capital expenditures; the effect on the Company or ZC of any changes to existing or new legislation or policy or government regulation; the stability of business conditions in foreign jurisdictions; the availability of labour; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; proposed use of available funds; expectations regarding revenues, expenses and anticipated cash needs.

Readers are cautioned not to place undue reliance on forward-looking information. Statements containing forward looking information are not historical facts. The Company and ZC have assumed that the current market for treatment of VVC and Candidiasis will grow and that the risks listed below will not adversely impact the business of the Company or the Resulting Issuer. The Company and ZC further have based these forward looking statements on their current expectations and projections about future events and financial trends that they believe might affect the Company’s or ZC’s financial condition, results of operations, business strategy, and financial needs. By its nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or ZC to differ materially from any future results, performance or achievements expressed or implied by forward-looking information.

We believe that these risks and uncertainties include, but are not limited to, those described or referenced in the “*Risk Factors*” section. These factors should not be construed as exhaustive and should be read with the other cautionary statements in this Listing Application. If any of these risks or uncertainties materialize, or if assumptions underlying the forward looking statements prove incorrect, actual results might vary materially from those anticipated in the forward looking statements. Given these risks and uncertainties, you are cautioned not to place substantial weight or undue reliance on these forward-looking statements when making an investment decision.

Information contained in forward looking statements in this Listing Application is provided as of the date of this Listing Application, and we disclaim any obligation to update any forward looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of such factors on the business of the Company or the Resulting Issuer or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. See “*Risk Factors*”.

**The Company does not assume the obligation to update any forward-looking information, except as required by applicable law. This cautionary statement qualifies all forward-looking statements and information in this document.**

#### **ITEM 2E - MARKET AND INDUSTRY DATA**

This Listing Application includes market, industry, and economic data which was obtained from various publicly available sources and other sources as well as data prepared by the management of ZC on the basis of its knowledge of and experience in the industry in which ZC operates (including management's estimates and assumptions relating to the industry based on that knowledge). ZC management's knowledge of the industry has been developed through its experience and participation in the industry. Although our management believes it to be reliable, we have not independently verified any of the data from third party sources referred to in this Listing Application or analyzed or verified the underlying reports relied upon or referred to by such sources or ascertained the underlying economic and other assumptions relied upon by such sources. We believe that our market, industry, and economic data are accurate and that our estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this Listing Application are not guaranteed and we do not make any representation as to the accuracy or completeness of such information. Although third party sources have been selected with reasonable care, there is no assurance as to the accuracy or completeness of information from such sources. Certain third party sources refer to studies, research and surveys that have been conducted. Although the data from such sources is believed to be reliable, neither the Company nor ZC management have independently verified any of the data from third party sources referred to in this Listing Application or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources.

#### **ITEM 2F - INFORMATION PERTAINING TO ZC AND OTHER ENTITIES**

The information contained or referred to in this Listing Application with respect to ZC and its business has been provided by management of ZC and is the responsibility of ZC.

Management of the Company has relied upon ZC for the accuracy of the information provided by ZC without independent verification.

### ITEM 3 - SUMMARY

*The following is a summary of the principal features of this Listing Application and should be read together with the more detailed information and financial data and statements contained elsewhere in this Listing Application. This summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere herein. Unless otherwise specified, the information in this Listing Application has been prepared on a pro forma basis assuming Completion of the Transaction. Capitalized terms used in this summary are defined in “Item 2A – Glossary of Terms.”.*

<p><b>Zero Candida Technologies Inc.:</b></p>	<p>The Company was incorporated under the British Columbia Business Corporations Act on August 13, 2021 as a wholly owned subsidiary of Rio Verde Industries Inc. pursuant to the terms of the plan of arrangement as approved by its shareholders on October 4, 2021 and by Supreme Court of British Columbia on October 21, 2021. The plan of arrangement closed on October 20, 2021. The sole business of the Company from the date of its incorporation until execution of the Business Combination Agreement was to identify and evaluate opportunities for the acquisition of an interest in suitable businesses.</p> <p>ZC was incorporated on January 3, 2022 under incorporation number 516520657 in Israel under the Israeli Company Act and is a private technology company existing under the laws of the State of Israel. ZC is developing a smart tampon-like device which is based on a therapy light source with a selected wave length and intensity that can treat Candidiasis and kill candida – a source of a number of fungal infections in people.</p> <p>On March 1, 2024, the Company and ZC entered into the Business Combination Agreement to contemplate the Transaction by a three-cornered amalgamation, where Subco, the Company’s wholly owned Israeli subsidiary incorporated solely for the purpose of the Transaction, is expected to amalgamate with ZC. In accordance with the terms and conditions of the Agreement, Subco will amalgamate with ZC, and in connection with the Transaction, the Company will (i) complete the 131 Share Split following which the Company will have a total of 2,000,000 131 Shares issued and outstanding; (ii) issue 10.66767 Company Shares for each ZC Share, being approximately 86.45% of the issued and outstanding share capital of the Company post Completion of the Transaction, at a deemed price of \$2.00 per each such Common Share, for aggregate deemed consideration of \$36,000,000 on a fully-diluted basis. Following the closing of the Transaction, ZC became a wholly-owned subsidiary of the Company. In addition, following Completion of the Transaction, the Company will issue a total of 1,213,416 incentive stock options to officers, director and employees of ZC (10.66767 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. Subsequently, the exchange ratio was amended by the parties to 9.6165.</p> <p>In connection with the closing of the Transaction, the officers and directors of the Company changed such that, upon Completion of the Transaction, the directors and officers of the Resulting Issuer are as follows:</p> <table data-bbox="391 1633 1182 1871"> <tr> <td>Eli Ben-Haroosh</td> <td>Chief Executive Officer and Director</td> </tr> <tr> <td>Asher Holzer</td> <td>Director</td> </tr> <tr> <td>Orit Berger</td> <td>Director</td> </tr> <tr> <td>Sophya Galper-Komet</td> <td>Chief Financial Officer and Corporate Secretary</td> </tr> <tr> <td>Christina Cameron</td> <td>Director</td> </tr> </table> <p>The Company changed its name to “Zero Candida Technologies Inc.” on November 14,</p>	Eli Ben-Haroosh	Chief Executive Officer and Director	Asher Holzer	Director	Orit Berger	Director	Sophya Galper-Komet	Chief Financial Officer and Corporate Secretary	Christina Cameron	Director
Eli Ben-Haroosh	Chief Executive Officer and Director										
Asher Holzer	Director										
Orit Berger	Director										
Sophya Galper-Komet	Chief Financial Officer and Corporate Secretary										
Christina Cameron	Director										

	<p>2024, concurrently with the Completion of the Transaction. Upon Listing, the Company expects that it will be classified as a Tier 2 technology issuer under the policies of the TSXV and the Resulting Issuer Shares will be listed on the TSXV under the trading symbol “ZCT”. The Resulting Issuer will proceed to advance the current and secure new Intellectual Property regarding the development of a smart tampon-like device which is based on a therapy light source with a selected wave length and intensity that can treat Candidiasis. See “<i>Information Concerning the Issuer - General Development of the Business - Transaction</i>” for further details of the terms of the Business Combination Agreement.</p>																						
<b>Interests Of Insiders, Promoters, or Control Persons:</b>	<p>No Insider, Control Person or promoter of the Company and no Associate or Affiliate of any of those persons, has any interest in the Transaction other than that which arises from the holding of Common Shares and except as disclosed in this Listing Application.</p> <p>Ms. Sophya Galper-Komet, a holder of 50% Common Shares, is also a Chief Financial Officer of ZC. As a result of the Transaction, Ms. Galper-Komet’s ownership of Common Shares will decrease from 1,000,000 Common Shares assuming (50% on a non-diluted basis prior to giving effect to the Transaction) to 1,000,000 Common Shares (5.16% on a non-diluted basis after giving effect to the Transaction). In addition, it is intended that, on or immediately following the Closing, the Resulting Issuer will enter into a consulting agreement with Ms. Galper-Komet on terms to be mutually agreed upon by the Resulting Issuer and Ms. Galper-Komet.</p>																						
<b>Available Funds</b>	<p>Upon Closing of the Transaction, the Resulting Issuer has an estimated working capital of \$2,489,323, as follows:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Source of Funds</th> <th style="text-align: right; border-bottom: 1px solid black;">(\$)</th> </tr> </thead> <tbody> <tr> <td>131 working capital as at October 31, 2024 (deficit)</td> <td style="text-align: right;">(\$33,241)</td> </tr> <tr> <td>ZC working capital as at October 31, 2024</td> <td style="text-align: right;">\$2,522,564</td> </tr> <tr> <td><b>TOTAL</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>\$2,489,323</b></td> </tr> </tbody> </table> <p>(1)</p> <p>It is anticipated that the Resulting Issuer will use these funds for a period of 12 months after the Closing of the Transaction as follows:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Use of Available Funds</th> <th style="text-align: right; border-bottom: 1px solid black;">(\$)</th> </tr> </thead> <tbody> <tr> <td>Estimated research costs</td> <td style="text-align: right;">\$1,340,000</td> </tr> <tr> <td>Estimated Intellectual Property costs</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Estimated Transaction costs</td> <td style="text-align: right;">150,000</td> </tr> <tr> <td>General and administrative costs<sup>(1)</sup></td> <td style="text-align: right;">630,000</td> </tr> <tr> <td>Unallocated working capital</td> <td style="text-align: right;">319,323</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>2,489,323</b></td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) The estimate of general and administrative costs for the 12 months following the Closing of the Transaction of \$630,000 consists of salaries and benefits (\$350,000), consulting fees (\$50,000), investor relations and marketing (\$60,000), office expenses (\$20,000), travel expenses (\$30,000), insurance (\$80,000), audit and accounting expenses (\$15,000), legal expenses (\$15,000) and Transfer Agent and regulatory fees (\$10,000).</p> <p>There may be circumstances where for sound business reasons, a reallocation of funds may be necessary. See “<i>Information Concerning the Resulting Issuer - Available Funds and Principal Purposes</i>”.</p>	Source of Funds	(\$)	131 working capital as at October 31, 2024 (deficit)	(\$33,241)	ZC working capital as at October 31, 2024	\$2,522,564	<b>TOTAL</b>	<b>\$2,489,323</b>	Use of Available Funds	(\$)	Estimated research costs	\$1,340,000	Estimated Intellectual Property costs	50,000	Estimated Transaction costs	150,000	General and administrative costs <sup>(1)</sup>	630,000	Unallocated working capital	319,323	<b>Total</b>	<b>2,489,323</b>
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<b>Total</b>	<b>2,489,323</b>																						
<b>Summary of Financial Information:</b>	<p>The following table sets forth selected pro forma financial information for the Resulting Issuer as at June 30, 2024, and should be read in conjunction with the unaudited financial statements of the Company for the nine-months period ended April 30, 2024, the audited</p>																						

	<p>financial statements of the Company for the year ended July 31, 2023, the unaudited (reviewed) financial statements of ZC for the six-month period ended June 30, 2024 and the audited financial statement of ZC for the year ended December 31, 2023 and 2022, and the pro forma consolidated financial statements of the Resulting Issuer for the period ended June 30, 2024.</p>		
	<b>Company as at April 30, 2024</b>	<b>ZC as at June 30, 2024</b>	<b>Pro Forma as at June 30, 2024</b>
<b>Category</b>	<b>(\$)</b>	<b>(thousands \$)<sup>(1)</sup></b>	<b>(thousands \$)</b>
Current Assets	4,146	2,338	2,343
Total Assets	4,146	2,369	2,373
Current Liabilities	16,604	522	546
Total Liabilities	23,752	541	567
Shareholders' Equity (deficit)	(19,606)	(5,108)	(47,032)
	<p>For further details, see the <i>Unaudited Pro Forma Statement of Financial Position of the Company as at June 30, 2024</i> included as Schedule "C" to this Listing Application and "<i>Financial Information and Management's Discussion and Analysis</i>".</p>		
<b>Risk Factors</b>	<p>An investment in securities of 131 and, following the Completion of the Transaction, the Resulting Issuer, is highly speculative and involves a high degree of risk and should only be made by investors who can afford to lose their entire investment.</p> <p>Risk factors include, without limitation, risks associated with: the requirement for TSXV approval of the Transaction; general trends and factors that may be beyond the Resulting Issuer's control which affects its operations and business; general economic conditions; the risk that actual results will vary from the results forecasted and such variations may be material; the Resulting Issuer's limited operating history in certain markets; the fact that the Resulting Issuer's primary growth market is new and uncertain; product development; enforcement of judgments against foreign person; foreign currency exchange fluctuation; economic, political and military instability in Israel; pandemics and health crises, including, without limitation, COVID-19; technological advancement; protection of the Resulting Issuer's intellectual property rights; infringement of intellectual property rights of others; litigation relating to protecting the Resulting Issuer's intellectual property rights; competition; product liability; government regulation; foreign laws; the Resulting Issuer's dependence upon key management; additional securities issuances causing dilution; stock market volatility including ability to access sufficient capital from internal and external sources; the influence of major stockholders; and dividends. For a more detailed description of these risks and others, see "<i>Item 21 –Risk Factors</i>".</p>		

## ITEM 4 – CORPORATE STRUCTURE

### *Name and Incorporation*

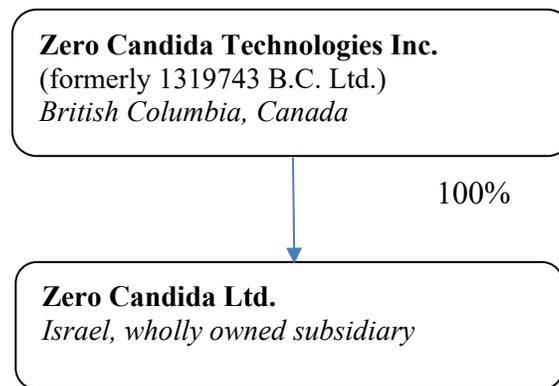
The Company was incorporated under the BCBCA on August 13, 2021 under the name “1319743 B.C. Ltd.”. The head office is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 and records and registered office is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8. On November 14, 2024, 1319743 B.C. Ltd. changed its name to “Zero Candida Technologies Inc”.

Zero Candida Ltd. was incorporated on January 3, 2022 under incorporation number 516520657 in Israel under the Israeli Companies Law and is a private technology company existing under the laws of the State of Israel. The head and registered of ZC is located at Dalton, Israel. ZC does not have any subsidiaries.

Following Completion of the Transaction, the head office of the Company and the registered and records office of the Company is located at Suite 500 – 666 Burrard Street, Vancouver, BC V6C 3P6.

### *Intercorporate Relationships*

The following chart identifies the corporate structure of the Company, including its material wholly owned subsidiaries following Completion of the Transaction, their applicable governing jurisdictions and the percentage of their voting securities that are beneficially owned, or controlled or directed, directly or indirectly, by the Company:



## ITEM 5 – DESCRIPTION OF BUSINESS

### **General**

#### *Business of the Company Prior to Completion of the Transaction*

Prior to Completion of the Transaction, the Company had not conducted any material business since incorporation on August 13, 2021. The sole business of the Company from the date of its incorporation until executing the Agreement was to identify and evaluate opportunities for the acquisition of an interest in suitable businesses and, once identified and evaluated, to negotiate an acquisition subject to applicable corporate and securities laws, so as to complete a transaction. Until Completion of the Transaction, the Company did not have a business, business operations or any material assets other than cash. Following Completion of the Transaction, the Company continues the business of ZC.

#### *Transaction*

On March 1, 2024 the Company entered into the Business Combination Agreement with ZC to acquire 100% of the issued and outstanding securities of ZC in exchange for the issuance of securities of the Company.

Immediately prior to Completion of the Transaction, the Company took all necessary corporate steps to complete the 131 Share split following which 131 had a total of 2,000,000 131 Shares issued and outstanding. There were 1,823,560 ZC Shares issued and outstanding, as well as 150,849 ZC Options and 153,788 ZC Warrants. All unexercised ZC warrants expired immediately prior to Completion of the Transaction.

Pursuant to the terms of the Agreement, each ZC Shareholder, other than a ZC Shareholder who exercised Dissent Rights (as defined in the Israeli Companies Law) received 9.6165 nine and six thousand one hundred sixty five hundred-thousandths) Common Shares in exchange for each ZC Share held by such ZC Shareholder, resulting in the Company issuing an aggregate of 17,533,037 Resulting Issuer's Shares (which represent approximately 89.76% of the issued and outstanding Common Shares). Additionally, the holders of the ZC Options became entitled to receive Common Shares, instead of ZC Shares, on the exercise of their ZC Options. As a result of the Transaction, old shareholders of the Company (as a group) own a total of 2,000,000 Common shares in the capital of the Company and ZC shareholders (as a group) own a total of 17,533,037 common shares of the Company.

The Transaction constituted a reverse takeover transaction.

Ms. Galper-Komet, a holder of 50% of the Common Shares of the Company prior to giving effect to the Transaction, became Chief Financial Officer of ZC following execution of the Agreement, and therefore was a Non-Arm's Length Party to the Transaction on the Completion of the Transaction.

### **Business of the Resulting Issuer**

Following Completion of the Transaction, the business of ZC became the business of the Company, which includes developing a smart tampon-like device, designed to treat Candidiasis.

#### *Background of ZC and Three-Year History*

ZC is a private Israeli company that was formed to commercially exploit a number of patents and patent applications with respect to an AI smart tampon-like device, designed to treat Candidiasis and transfer the medical information via Wi-Fi to the doctor. ZC technology is a combination of a therapy light source with a selected wavelength and intensity and a transparent gel-based drug delivery system to maintain the optimum Ph level in the vagina. The device when used overnight, demonstrated a 99.9999% Candidiasis elimination in the vagina within 3 nights.

ZC developed a first prototype of its device in May of 2022 and immediately commenced its first laboratory tests as a "proof of concept". In 2023 the Company raised almost 2,000,000 USD (through private investors and as a part of its crowdfunding efforts), to fund its pre-clinical animal studies.

In May of 2023, ZC was awarded a South African patent (2022/09265) with respect to "*Devices and method for prevention and treatment of fungal and bacterial microorganisms*". Subsequently, ZC filed comparable patent applications in United States of America. The patent applications claim that "*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*

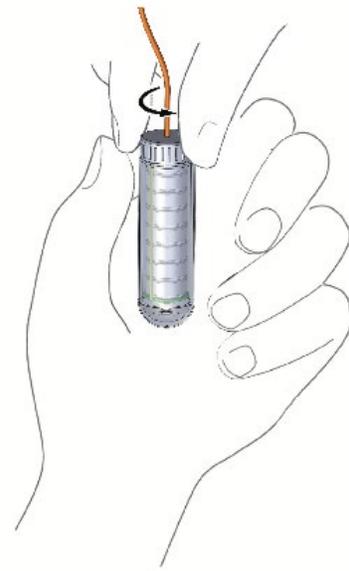
*suited for the treatment of both pre- and post-menopausal women. Mini-tablet formulations based on MC or HEC were mechanically weaker and disintegrated fast upon contact with fluids, and therefore released the full drug load within a few minutes. bioadhesion towards vaginal tissue could not be successfully evaluated, either in the rotating cylinder test or in the detachment test”*

In September 2023 ZC completed its pre-clinical animal studies and subsequently developed a prototype (1<sup>st</sup> series) and commenced its validation. ZC is currently in the process of developing the design of its device and continues pre-clinical animal studies. ZC expects to pursue “Fast Track” approval with the FDA as a Class II De Novo device.

In May 2024, ZC received a report with respect to its pre-clinical safety study, that indicated no abnormal findings in gross-pathology and histopathology and identified no safety concerns with respect to ZC blue light illumination device.

### *Principal Products and Services*

The ZC Intellectual Property surrounds the devices and method for prevention and treatment of fungal and bacterial microorganisms. ZC 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 scientific data.



Candidiasis, commonly referred to as a yeast infection, is generally caused by an overgrowth of a fungus called *Candida albicans* in the vagina. Other names for this infection are “vaginal candidiasis,” “vulvovaginal candidiasis” or “candidal vaginitis”. Although yeasts are always present in the vagina in small quantities, symptoms appear with overgrowth of the fungus, due to various reasons, such as changes in the acidity (PH level) of the vagina, hormonal balance changes, etc. The spread of infection is usually a result of imbalance in the normal vaginal flora. Sometimes *Candida* can proliferate and cause an infection due to vaginal changes to preferred conditions that encourage the yeast growth. The infection is characterized by vagina inflammation that results in mucus discharge, itching and pain during intercourse.

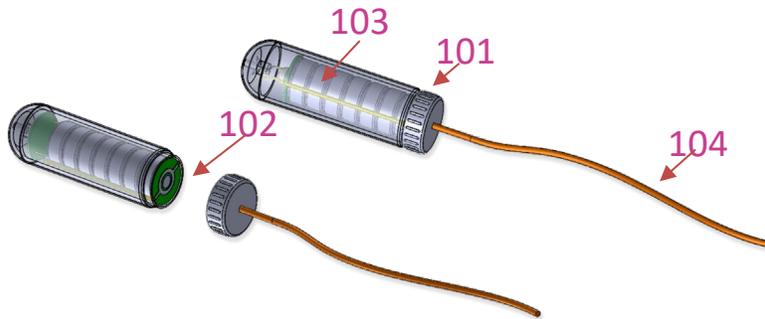
Vaginal infections often have multiple causes that present challenging cases for treatment. When one cause is treated another problem might arise. For example, pathogens resistance or mutations due to antibiotic treatment, reduction in good bacteria that result in yeast propagation and infection (typically *Candida albicans*). Further, a change in PH balance or introduction of foreign bacteria into the vagina may also lead to infectious vaginitis. As opposed to Candidiasis, bacterial vaginosis, also known as vaginal bacteriosis or Gardnerella Vaginitis, is a disease of the vagina caused by excessive bacteria growth. Bacterial vaginosis increases the risk of infection by other sexually transmitted infections, such as HIV/AIDS and early delivery among pregnant women.

As discussed later, treatment is usually with antibiotics administered either orally or vaginally. However, over 10% of the cases are irresponsive to antibiotics, in which recurrence rates of up to 80% have been documented. Recurring yeast infections may be a sign of more serious overarching health problem such as diabetes or a compromised immune system and may also be due to the use of antibiotic medications.

Chronic Candidiasis usually affects people who are weakened by predisposing health conditions such as diabetes, pregnancy or immune deficiencies<sup>1</sup>. When Candida reaches the bloodstream. It can spread from the bloodstream to other parts of the body (such as eyes, kidney, liver, and brain). This is Invasive Candidemia and is a leading cause of healthcare-associated bloodstream infections in U.S. hospitals. Candidemia infections are costly for patients and healthcare facilities because of the long hospitalization. Each case of candidemia is estimated to result in an additional 3 to 13 days of hospitalization and \$6,000 to \$29,000 in healthcare costs<sup>2</sup>.

Most treatments today are drug-based, where the gold standard used is Clotrimazole and other azole drugs.

Zero Candida is developing a tampon like medical device with a blue light source having the ability to kill bacteria, which in the future will be designed to deliver therapeutic drugs for the treatment of Candidiasis into the vagina and reduce the pH to the desired levels. The drawing below illustrates the various components (numbers reference to the drawing):



Coating - designed to allow the light to pass and reach vaginal tissue.

(101) Main Body.

(102) Light source - designed to emit a light having at least one predefined wavelength suitable for treating vaginal disorders.

(103) Power source.

(104) Tether - designed to be used for retracting the device out from the patient's vagina.

As the ZC Device is used inside the vagina, it is designed to resemble or have a similar shape/configuration of a typical tampon that can easily be inserted into the vagina for the administration of the light and any other therapeutics. It can be produced in different sizes. The Zero Candida Device is designed to treat various vaginal conditions and diseases using light.

Light has been shown to have a therapeutic effect on various diseases and pathogens, and several studies have been made to analyze the effect of various wavelengths and intensities on different pathogens. For instance, US20160059034 has shown that blue - and red-lights wavelengths aids in candida therapy in the vagina.

The light source is designed to emit light with a defined wavelength and intensity in a therapeutic zone, according to a predefined treatment regimen. Changing of the light intensity may have a therapeutic effect and improve tissue healing as well as improve eradication of an infection, such as fungi, virus or bacteria. For instance, the intensity of the emitted light may be increased after a number of hours for a fixed period, reduced back to the original intensity, and so forth throughout the day / usage duration.

<sup>1</sup> <https://rarediseases.org/rare-diseases/candidiasis/>

<sup>2</sup> <https://www.cdc.gov/fungal/diseases/candidiasis/invasive/statistics.html>

In photodynamic antimicrobial chemotherapy (PACT), a combination of a sensitizing drug and visible light causes selective destruction of microbial cells. The ability of a light-drug combination to kill microorganisms is well known, and various studies have shown PACT to be highly effective in *in-vitro* destruction of viruses, protozoa, gram-positive and gram-negative bacteria and fungi<sup>3</sup>. Light radiation at certain wavelengths causes the death or retarded growth of fungal pathogens residing in human tissue:

- Reactive oxygen species (ROS) can be generated under light-tissue/fungi interaction.
- Light at certain wavelengths has high efficiency in stimulating generation of ROS in fungal infected areas.
- Higher power (as compared to traditional low light therapy) of light radiation and prolonged exposure
- time on tissue creates a fatal concentration of ROS, which is toxic to the pathogen, resulting in the
- retardation or death of the fungi.
- Under the same circumstances of radiation, the light does not significantly affect healthy human tissue around the infected area. Light radiation only affects local tissues within the radiation zone and has no systemic toxicity.

The ZC device can be designed to be used either multiple times or only once and then discarded.

It will meet the standards of biocompatibility which is one of the mandatory requirements for the clinical use of biomaterials in medical devices. It refers to the ability of a biomaterial to perform its function without eliciting toxic or injurious effects on biological systems but producing an appropriate host response in a specific case.

Since the main body and coating are designed to be inserted into the vagina, both will be made from medical grade material designed to prevent irritation and damage to the vagina's tissues. In addition, the main body is designed to be sealed to avoid a flow of vaginal fluid into the device.

Because vaginal tampons and applicators are commonly used, ZC anticipates that women will have no problems with that, assuming the device will look and feel similar.

The ZC Device is designed to be re-used, such that the user only needs to clean or replace the coating before each use. The coating has anti-slip regions designed to assist the device to remain in place. It will comprise or will be coated-with one or more active agents/therapeutics, such as anti-inflammatory, anti-fungal, anti-viral and anti-bacterial drugs, or steroids and hormones, or elements controlling the moisture of the vagina, designed to be released into the vagina according to the need.

The coating is expected to be gel-based. The gel is biodegradable, bio-absorbable, and allows the release of imbedded therapeutics or the diffusion of therapeutics through it. The gel is characterized by changes in its viscosity at body temperature, where at room temperature it is in a solid state and at body temperature, it liquidizes or becomes less solid, enabling the release or diffusion of the therapeutics. The gel may enable controlled release of active materials from the coating, such as therapeutics, steroids, hormones, buffer material, and elements that can control the moisture of the vagina. It may also enable controlling the pH environment within the vagina with bio-resorbing abilities that facilitate healing.

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<sup>3</sup> <https://pubmed.ncbi.nlm.nih.gov/18037279/>

The ZC Device is expected to be used during the night, only 3 nights in a row, as an optimal solution for the treatment of Candida.

In connection with the ZC Device, ZC is also working on a hybrid medicine technology – a data collection system that will be introduced into the ZC device and will deliver data from the vagina to the doctor, for monitoring and ongoing personalized treatment. This new technology is expected to be integrated into a mobile application providing the ability to implement a method of treating patient’s vaginal disorders, offering any combination of the following:

- Activating and deactivating the light source.
- Releasing active agents, such as moisture materials, hormones, photosensitizers, therapeutics, buffer material and/or biome, into the vagina.
- Measuring pH, temperature and moisture in the vagina based on the use of sensors.
- Capturing images.



The received data will be sent to the gynecologist for evaluation and for personalized treatment for the patient.

The dosages of the active agents, such as killing and inhibitory compounds, as well as the dosages of any other supplementary agents to be used, depend on the choice of the route of administration, the nature of the formulation and of the patient's illness, the patient’s size, weight, surface area, age, and sex, other drugs being administered and the judgment of the attending physician.

Suitable dosages are generally in the range of 0.0001-100.0 mg/kg. The variations in the needed dosage depend on the variety of compounds and supplementary agents available and the differing efficiencies of various routes of administration.

*Operations*

Below is ZC’s research, development and trial operational plan for the next 36-48 months:

Research	Methodology	Summary Protocol	Comments	Estimated Costs
Efficacy / Safety - I	Cell line – vaginal epithelial cells & Candida Albicans	Exposure: different times & wavelengths Conditions mimicking vaginal environments: Dark / Light Moisture, pH, 37°C Evaluation of epithelial viability, temperature and pH with: 1. light exposure 2. Candida exposure	Based on a previous study, to prove ability to repeat the results in our lab & hands	\$600,000.00

		Evaluation of both the epithelial cells and the candida influence of light to adjust time and wave-light exposure for optimal results.		
Efficacy / Safety II	Cell line – vaginal epithelial cells Animal model – Sheep & Candida Albicans	The same studies in a tube model mimicking vagina and light exposure, throughout a tampon as a basic prototype of the device, while evaluating temperature changes on top of the previously described parameters.		\$400,000
Efficacy / Safety III	Animal model – sheep Clinical - Women Candida Albicans & Normal and vaginal flora	The same studies in a tubal model as described, evaluating the effect of the light on the normal and valuable vaginal flora	To make sure that the light does not destroy the important normal flora \$500K	\$500,000
Proof-of Concept	Computerized Biological Studies (human clinical study)	Evaluate and predict reaction to the light exposure, based on computerized biology calculations, regarding the expected behavior of normal vaginal bacteria and different type and amounts of candida.	2026-500K	\$500,000
Light & Fluconazole		Repeat all the above studies with the combination of light and fluconazole.	\$50	\$75,000

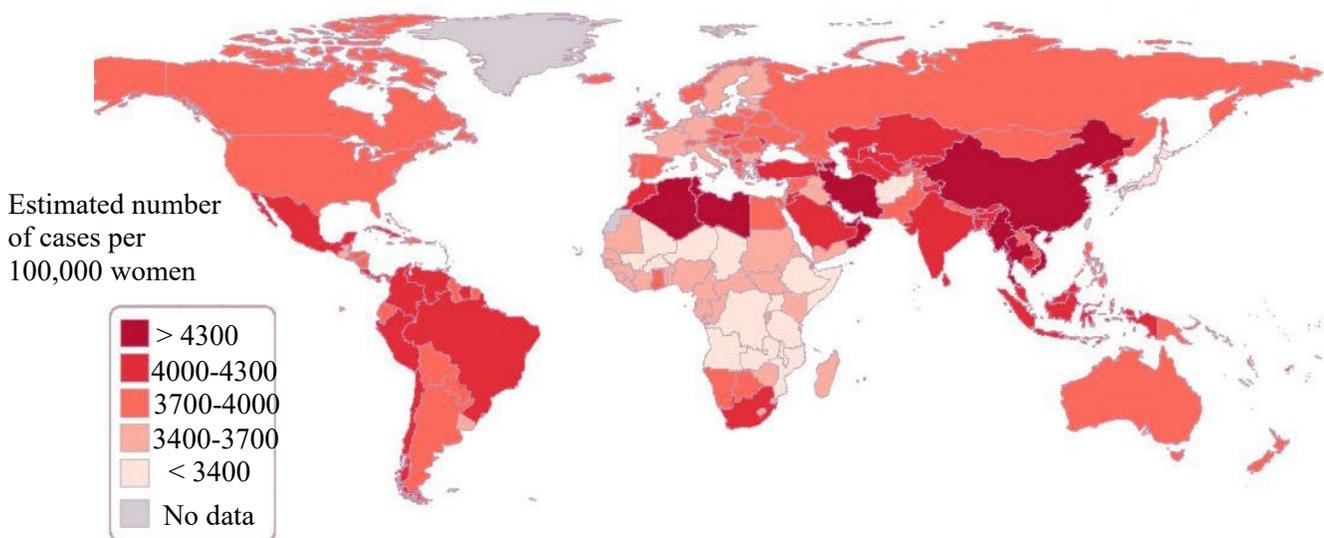
Concurrently with its Research and Proof of Concept Stages, ZC is expected to engage in the pre-clinical animal trials with respect to its current Intellectual Property portfolio. ZC further expects to pursue *Fast Track* approval with the FDA as a Class II De Novo device.

To test the safety of the ZC Device in healthy subjects, a trial will be initiated in a small pilot study with Candidiasis before moving into larger pivotal populations. Generally, the total number needed to demonstrate safety and effectiveness in a device trial is in the hundreds rather than thousands that are required for drug trials. Typically, the pivotal study would include 150 to 300 patients to test efficacy and identify any adverse effects. The requirement for long-term data is generally met with a Post-Approval Study. Assuming favorable study results, ZC expects to receive FDA approval to go to market its ZC Device within 36-48 months.

#### *Market*

According to research published in 2018<sup>4</sup>, VVC affects about 138 million women annually and 492 million over their lifetime, are affected worldwide. Recurrent VVC (4 or more episodes in a year) is increasingly recognized and constitute up to 10% of the cases of VVC, with a global annual prevalence of 3,871 per 100 000 women. 372 million women are affected by recurrent Candidiasis over their lifetime. The 18-35 year age group has the highest prevalence of VVC, a total of 21%<sup>5</sup>. By 2030, the population of women with recurrent Candida is estimated to increase to almost 158 million, resulting in 20 million extra cases with current trends using base case estimates in parallel with an estimated growth in females from 3.34 billion to 4.18 billion. In high-income countries, the economic burden from lost productivity could be up to \$14.39 billion annually. The high prevalence, substantial morbidity, and economic losses of recurrent Candidiasis require better solutions and improved quality of care for affected women.

The map illustrates the varying prevalence in countries around the world:



The number of cases lies on a similar scale to the 300 million people estimated to have depression, 200 million adults with asthma, and 199 million women with premenstrual Syndrome. Previous research had indicated that 75% of women are estimated to experience Candidiasis in their lifetime<sup>6</sup>. Most of the cases are mild but sometimes the infection gets severe in some women, causing swelling, cracks on the wall of vagina and redness.

In the United States, Candidiasis is the second most common type of vaginal infection after bacterial vaginal infections. It is estimated that 1.4 million outpatient visits for vaginal Candidiasis occur annually in the USA<sup>7</sup>.

Up to 95% of all invasive *Candida* infections in the US are caused by five species of *Candida*:

- *Candida Albicans*
- *Candida Glabrata*

<sup>4</sup> [https://www.thelancet.com/journals/laninf/article/PIIS1473-3099\(18\)30103-8/fulltext](https://www.thelancet.com/journals/laninf/article/PIIS1473-3099(18)30103-8/fulltext)

<sup>5</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6101156/>

<sup>6</sup> <https://www.medgadget.com/2021/10/acute-vulvovaginal-candidiasis- treatment-market-to-surpass-397-8-million-globally-by-2027-at-a-cagr- 3-0-mycovia-pharmaceuticals-scynexis-basilea-pharmaceutica-ltd.html>

<sup>7</sup> <https://www.cdc.gov/fungal/diseases/candidiasis/genital/index.html>

- *Candida Parapsilosis*

Although *Candida Albicans* is still the leading species in the US, increasing numbers of cases in recent years have been attributed to non-*albicans* species that are often resistant to antifungal drugs. Altogether, non-*C. albicans* species cause approximately two-thirds of candidemia cases in the US. Since 2015, an emerging species called *Candida Auris* has been an increasing cause of invasive *Candida* infections in the US.

CDC reports that, in the USA, certain species of *Candida* are becoming increasingly resistant to available antifungal drugs, such as azoles and approved echinocandins. Extensive usage of antifungals of the azole class has stimulated an increase in the number of strains of *Candida* that have a high rate of azole resistance. A recent US-based study found that the percentage of non-*albicans* *Candida* species increased from 46% in 2006 to 60% in 2011<sup>8</sup>.

Most treatments today are drug-based, where the gold standard used is Clotrimazole and other azole drugs.

#### *Marketing Strategies*

Zero *Candida* expects to achieve market entry through distributors in major markets and will consider strategic partnership with one of the leading medical device brands, with well-established marketing networks. Appointing distributors in targeted territories with established networks able to reach all relevant pharmacies and stores selling over-the-counter products, especially those in women's health sector. Going forward, Zero *Candida* plans on building distinctive new marketing capabilities for taking ZC Device to market. The needed capabilities will include payer engagement — working with insurance companies to address the market access, pricing, and reimbursement.

#### *Competitive Conditions*

The market for *Candidiasis* treatment is highly competitive. Many of its competitors have greater financial and operational resources and more experience in research and development than ZC.

Most treatments today are drug-based. From a clinical point of view, the current options available to combat *Candida* are limited to three classes of antifungal agents - polyenes, azoles, and echinocandins. Topical antifungals are generally considered as first-line therapy for uncomplicated, superficial, relatively localized fungal infections due to their high efficacy and low potential for systemic adverse effects. The specific type and dose of antifungal medication used to treat invasive *Candida* usually depends on the patient's age, immune status, and location and severity of the infection. Antifungal agents, such as nystatin, ciclopirox and imidazole creams, may be administered in the form of a topical cream, suspension or suppository.

Antifungal pills affect the entire body and may cause side effects such as nausea, headaches, and abdominal pain. Topical antifungal creams and suppositories have fewer side effects than oral antifungal medications since they only exert a localized effect on the genital region. However, topical medications can be messy and uncomfortable. Drugs, such as amphotericin B, may be administered orally but cannot be administered over an extended time period. However, relapse after successful treatment is common.

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<sup>8</sup> <https://www.marketwatch.com/press-release/candidiasis-therapeutics-market-size-2022-with-55-cagr- innovation-strategies-recent-industry-developments-with-top-players-and-forecast-up-to-2028-2022-05-26>

Systemic antifungal agents are absorbed and delivered to the body through the blood stream. The oral route is usually the safest, the most economical, and the easiest route for systemic antifungal drugs. For Candidemia, treatment should continue for 2 weeks after signs and symptoms have resolved and Candida yeasts are no longer in the bloodstream. Other forms of invasive Candida, such as infections in the bones, joints, heart, or central nervous system, usually need to be treated for a longer period of time.

Unfortunately, antifungal therapy has been shown to be ineffective in up to 20% of cases. Treatment is considered to have failed if the symptoms do not clear within 7-14 days. In addition, resistance to antifungal agents increases over time, with drug-resistant fungal strains becoming increasingly common causes of infection in high-risk patient groups such as HIV/AIDS patients. Accordingly, alternative antifungal strategies are currently being actively sought.

High morbidity and mortality rates associated with Candida clearly indicate that current antifungal therapy to cure Candidiasis is still ineffective. Unlike antibacterial antibiotics, the current arsenal of antifungal drugs is extremely limited and short. The fact that fungal cells are eukaryotic makes antifungal drug development even more complicated. Therefore, it is much more difficult to identify selective pathogen-specific targets for drug discovery and development. Alarming, this is also the main reason for the raised toxicity of some of the current therapies.

Although light therapy treatment of various bacterial, fungal and viral infections intravaginally is known, such treatment is usually achieved through chemical or drug therapies, which affect internal functioning of the vagina and uterus since the chemicals being used are in the form of paste, gel or liquid that leads to unwanted harsh chemical reactions or various complications. Since oral antifungal medications carry the risk of significant side effects, and since topical solutions are messy, inconvenient and have limited effectivity, there is a need for a product that allows the treatment of vaginal infections (yeast, viral and bacterial) quickly and simply, without systemic effects.

Severe forms of infection are hard to treat, and frequently require more aggressive and long-term therapy, as is the case with chronic, recurrent cases. Additionally, incomplete treatments often result in drug resistant infections, therefore full course of therapy should be adhered to.

Accordingly, it is important to provide effective therapeutic and/or prophylactic anti-microbial and anti-fungal treatments, which are both inexpensive and logistically simple to deliver to the patients. Furthermore, it is important to avoid the known phenomenon of vicious circle of bacterial infection. ZC's approach provides intravaginal light-based treatment devices that are simple to use, highly effective in treating various vaginal infections, have little to no side-effects, and are cost effective.

#### *Future Developments*

For the information with respect to the future development of ZC's business please see "Principal Products and Services" and "Operations".

#### *Proprietary Protection*

ZC considers that its identifiable intangible properties such as licences, patents, software, and trademarks are extremely important to its business and acts aggressively to pursue patent protection, register trademarks and protect its other intellectual property through copyright and trade secret protections supported by confidentiality agreements.

A summary of ZC's patent applications is set out in the following table:

No.	Title	Country/ Status	Application No.
1.	Devices and method for prevention and treatment of fungal and bacterial microorganisms	South Africa Granted	2022/09265
2.	Devices and method for prevention and treatment of fungal and bacterial microorganisms	USA Pending	18/707,595
	Devices and method for prevention and treatment of fungal and bacterial microorganisms	Patent Cooperation Treaty Pending	PCT/IL2023/050243
3.	Devices and method for prevention and treatment of fungal and bacterial microorganisms	Brazil	
4.	Devices and method for prevention and treatment of fungal and bacterial microorganisms	Canada Pending	3245571

Each of the patent applications that form the Intellectual Property of ZC is still in the regulatory review process and no patents have been issued other than the South African. To the best of ZC's knowledge no patent applications that form part of the Intellectual Property of ZC have been substantially challenged or rejected as at the dated of this Listing Application.

#### *Lending*

As a general policy, ZC does not make loan arrangements with employees or other companies.

ZC has had no bankruptcy or receivership proceedings.

### **ITEM 6 - FINANCINGS**

On October 21, 2021, Rio Verde Industries Inc. ("Rio Verde") announced that it received a 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 followed 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.

The Plan of Arrangement closed on October 20, 2021. 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 "Spincos") Each of the Spincos, including the Company, is now an unlisted reporting issuer in the provinces of British Columbia and Alberta. On January 21, 2022, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$30,576 through the issuance of 26 common shares in the capital of the Company (the "Common Shares") at a price of \$1,176 per share.

In July, 2023, ZC concluded the public phase of its investment campaign in Israel through a crowd funding platform FundIt (2016) Ltd. In accordance with Israeli securities laws, and issued a total of 320,754 ZC Shares to a total of 322 subscribers at a price of \$5.88 (15.9 NIS) per ZC Share. In October 2024, ZC completed a non-brokered Private Placement of \$901,950 through the issuance of 93,784 shares, at the price of \$9.6173 per share. The private placement was completed with Israeli investors only.

This financing closed prior to Completion of the Transaction. In connection with this offering, ZC issued a total of 3,335 ZC Shares as a finder fee to a third-party independent finder.

#### *Available Funds*

Following Completion of the Transaction, the Resulting Issuer has the following funds available to it on a consolidated basis:

<b>Sources of Available Funds</b>	<b>Available Funds</b>
	<b>(\$)</b>
Working Capital of the Company as at October 31, 2024 (deficit)	(\$33,241)
Working Capital of ZC as at October 31, 2024	
<b>Total pro forma working capital (unaudited)</b>	<b>\$2,522,564</b>
	<b>\$2,489,323</b>

Notes:

(1) Based on an exchange rate of 1 NIS = 0.3732 CAD.

#### *Principal Purposes of Funds*

The Resulting Issuer will use the funds available to it following the Completion of the Transaction to further its stated objectives set out in the “Item 5 – Narrative Description of the Business – Stated Business Objectives and Milestones” as more particularly set forth below:

<b>Description</b>	<b>Amount</b>
	<b>(\$)<sup>(1)</sup></b>
Estimated research costs	\$1,340,000
Estimated Intellectual Property costs	50,000
Estimated Transaction costs	150,000
General and administrative costs <sup>(1)</sup>	630,000
Unallocated working capital	319,323
<b>Total</b>	<b>2,489,323</b>

Notes:

Notes:

(1) The estimate of general and administrative costs for the 12 months following the Closing of the Transaction of \$630,000 consists of salaries and benefits (\$350,000), consulting fees (\$50,000), investor relations and marketing (\$60,000), office expenses (\$20,000), travel expenses (\$30,000), insurance (\$80,000), audit and accounting expenses (\$15,000), legal expenses (\$15,000) and Transfer Agent and regulatory fees (\$10,000).

The Resulting Issuer intends to spend the funds available to it as stated in this Listing Application. It is anticipated that the available funds will be sufficient to achieve the Resulting Issuer’s objectives over the next twelve months. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of funds will be subject to the discretion of management.

## ITEM 7 - DIVIDENDS AND OTHER DISTRIBUTIONS

The Company has not declared or paid any dividends or distributions since incorporation. While there are no restrictions that prevent the Company from paying dividends or distributions, it has no source of cash flows, and anticipates using all available cash resources toward its stated business objectives. Accordingly, the Resulting Issuer does not anticipate paying dividends or distributions in the foreseeable future and its policy is expected to be to retain earnings, if any, to finance its business operations. Any determination to pay future dividends or distributions will remain at the discretion of the Board of Directors and will depend on the earnings, financial condition of the Resulting Issuer and such other factors deemed relevant by the Board of Directors.

## ITEM 8 - MANAGEMENT'S DISCUSSION & ANALYSIS

*The Company's and ZC.s MD&A included herein should be read in conjunction with the Financial Statements and the disclosure contained in this Listing Application. The discussions of results are as of the dates stated in the applicable MD&A.*

131's management discussion and analysis for the financial year ended July 31, 2023 and nine-months period ended April 30, 2024 are included in Schedule "E1" and "E2" respectively to this Listing Application.

ZC's management discussion and analysis for the six-months period ended June 30, 2024 and financial year ended December 31, 2023, are included as Schedules "F1" and "F2" to this Listing Application.

## ITEM 9 – DISCLOSURE OF OUTSTANDING SECURITY DATA

The following describes material terms of the anticipated share capital of the Resulting Issuer. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of the Articles.

### *Authorized Capital*

The authorized share capital of the Resulting Issuer consists of an unlimited number of common shares without nominal or par value.

### *Common Shares*

Upon Listing, 19,533,037 Common Shares will be issued and outstanding. The holders of the Common Shares are entitled to receive notice of and to vote at every meeting of the shareholders of the Company and have one vote thereat for each common share so held. The holders of Common Shares are entitled to receive any dividends declared by the Company in respect of the Common Shares at such time and in such amount as may be determined by the Board of Directors, in its discretion. The holders of the common shares rank equally as to entitlement to dividends and participation in a distributions of the assets of the Company on liquidation, dissolution or winding-up of the Company.

### *Warrants*

No warrants will be issued and outstanding upon Listing.

### *Options*

The Company has a total of 1,450,643 Resulting Issuer Shares reserved for issuance to officers, director and employees of ZC (9.6165 incentive Resulting Issuer Options in exchange for each outstanding ZC Option). The terms of the exercise of the Options are consistent with the terms of the originally issued underlying ZC securities.

#### ITEM 10 - DESCRIPTION OF SECURITIES

Upon Completion of the Transaction, the Resulting Issuer is authorized to issue an unlimited number of the Resulting Issuer Shares without nominal or par value of which 19,533,037 Resulting Issuer Shares are issued and outstanding as fully paid and non-assessable. The Resulting Issuer also has 1,450,643 Resulting Issuer Shares reserved for issuance to officers, directors, employees and consultants of ZC (9.6165 incentive Resulting Issuer Options in exchange for each outstanding ZC Option).

The holders of the Resulting Issuer Shares are entitled to receive notice of and attend any meeting of the Resulting Issuer's shareholders and are entitled to one vote for each Resulting Issuer Share held. The holders of the Resulting Issuer Shares are entitled to receive dividends, if, as and when declared by the Board of Directors of the Resulting Issuer. In the event of liquidation, dissolution or winding-up of the Resulting Issuer, the holders of the Resulting Issuer Shares will be entitled to share rateably the remaining assets of the Resulting Issuer.

It is not contemplated that any dividends will be paid in the immediate or foreseeable future following Completion of the Transaction.

#### ITEM 11 - CONSOLIDATED CAPITALIZATION

##### *Pro Forma Consolidated Capitalization*

The following table sets forth the Resulting Issuer's share and loan capital after closing of the Transaction:

<b>Capital</b>	<b>Amount authorized</b>	<b>Amount Outstanding After Giving Effect to the Transaction</b>
Common Shares	Unlimited	19,533,037

As at June 30, 2024, the pro forma consolidated statement of financial position disclosed deficit of \$47,032,000.

##### *Fully Diluted Share Capital*

The following table sets out the anticipated fully-diluted share capital of the Resulting Issuer upon Listing:

<b>Designation of Security</b>	<b>Authorized</b>	<b>Number Outstanding upon Listing</b>
Common Shares	Unlimited	2,000,000
Common Shares Issued pursuant to Transaction terms	N/A	17,533,037 <sup>(1)</sup>
Common Shares Reserved for Issuance upon exercise of ZC Options	N/A	1,450,643

Notes:

- (1) Upon Completion of the Transaction, the Company issued a total of 9.6165 Company Shares for each of ZC Share issued and outstanding immediately prior to Completion of the Transaction.

## ITEM 12 – STOCK OPTION PLAN

Although the Resulting Issuer plans to issue incentive stock options to its *bona fide* employees, consultants, directors and officers, no firm determinations were made as of the date of this Listing Application.

The Company has a total of 1,953,304 Resulting Issuer Shares reserved for issuance to officers, directors, employees and service providers of the Resulting Issuer. A total of 1,450,643 were reserved for issuance in consideration for ZC Options (9.6165 incentive Resulting Issuer Options in exchange for each outstanding ZC Option). The terms of the exercise of the Options are consistent with the terms of the originally issued underlying ZC securities.

### *Stock Option Plan of the Resulting Issuer*

Upon Completion of the Transaction, the Resulting Issuer adopted an omnibus Plan.

The purpose of the Plan is to advance the interests of the Resulting Issuer through the motivation, attraction and retention of key employees, consultants, directors and service providers of the Resulting Issuer and designated affiliates of the Resulting Issuer and to secure for the Resulting Issuer and its shareholders the benefits inherent in the ownership of the Resulting Issuer Shares by key employees, consultants and directors of the Resulting Issuer and the designated affiliates of the Resulting Issuer through the granting of non-transferable options ("Options") and restricted share units ("RSUs", and together with the Options, collectively, the "Awards") to eligible participants under the Plan.

Pursuant to the terms of the Plan, the number of securities reserved shall not exceed, in the aggregate, 10% of the number of Resulting Issuer Shares then outstanding; provided that the maximum number of Resulting Issuer Shares reserved for issuance, in the aggregate, pursuant to the Awards granted under this Plan, at any point in time, shall be equal to 10% of the number of Common Shares then outstanding, unless disinterested shareholder approval is obtained.

The Plan will be administered by the Board of Directors or a committee of directors appointed by the Board of Directors. Options or RSUs may be granted to any director, officer, employee, management company employee or consultant of the Resulting Issuer, taking into consideration his or her contribution to the success of the Resulting Issuer and any other factor which the Board of Directors may deem proper and relevant. The exercise price of any options must be set in compliance with TSXV policies and the term of any option may not exceed ten years. Any Options or RSUs granted under the Plan will be non-assignable and non-transferable (except in the case of death of an optionee, whereby the optionee's lawful personal representatives, heirs, administrators or executors may exercise the option as permitted under the Plan).

The Plan provides for the following restrictions on issuance: (a) no more than 5% of the issued common shares of the Resulting Issuer, calculated at the date of the grant of stock options or RSUs, may be granted to any one individual in any 12 month period unless the Resulting Issuer has obtained disinterested shareholder approval to same; (b) no more than 2% of the issued common shares of the Resulting Issuer, calculated at the date of the grant of stock options or RSUs, may be granted to any one consultant in any 12 month period; (c) no more than an aggregate of 1% of the issued common shares of the Resulting

Issuer, calculated at the date of the grant of stock options or RSUs, may be granted to all employees conducting investor relations activities within any 12 month period; (d) any options granted to consultants performing investor relations activities must be vested over a period of not less than 12 months with no more than 25% of the stock options vesting or RSUs vesting in any three month period; and (e) if required by applicable laws, disinterested shareholder approval is required to the grant to related persons, within a 12-month period, of a number of stock options or RSUs which, when added to the number of outstanding stock options granted or RSUs granted to related persons within the previous 12 months, exceed 10% of the issued Resulting Issuer Shares.

If an optionee ceases to be employed by or provide services to the Resulting Issuer, his or her Options and/or RSUs (to the extent that they have vested at the time of termination) may be exercisable until the earlier of 30 days after the date the optionee ceases to be employed by or provide services to the Resulting Issuer or until the Options expiration or RSU's expiration date, whichever date is earlier. If an optionee dies, the legal representatives of the optionee may exercise any outstanding options or RSUs (to the extent that they have vested at the time of death) until the earlier of one year after the date of death and the options' expiration date.

The Resulting Issuer will not provide any optionee with financial assistance in order to enable such optionee to exercise stock options granted under the Plan.

Approved awards of Options or RSUs and any shares issued to Israeli employee or office holder of the Resulting Issuer in connection with the Plan will be held by an approved Israeli Tax Authority trustee for the benefit of the option or RSU holder, in accordance with the provisions of Section 102 in the "capital gain tax route" of the Israeli Income Tax Ordinance [New Version], 1961.

### ITEM 13 - PRIOR SALES

The following table summarizes the details of the issuance of securities of the Company during the twelve-month period prior to the date of this Listing Application:

<u>Date</u>	<u>Description of Securities</u>	<u>Number of Securities</u>	<u>Method of Sales</u>	<u>Issue Price of Exercise Price, as applicable</u>
October 30, 2024	Common Shares	17,533,037	Business Combination Agreement	N/A
October 30, 2024	Employee Options	1,450,643	Employee Options pursuant to Business Combination Agreement	N/A (various original ZC Price)

Other than as disclosed in this Listing Application, ZC did not sell any securities (other than pursuant to exercise of incentive stock options and share purchase warrants) in the twelve (12) months prior to the date of this Listing Application. Immediately prior to Completion of the Transaction, ZC completed a non-brokered private placement of \$901,950 through the issuance of 93,784 shares, at the price of \$9.6173 per share. The private placement was completed with Israeli investors only. This financing closed immediately prior to Completion of the Transaction. In connection with this offering, ZC issued a total of 3,335 ZC shares as a finder fee to a third-party independent finder.

### ITEM 14 - ESCROWED SECURITIES

The 131 and ZC acknowledge and agree that Resulting Issuer Shares held by 131 shareholders and the Resulting Issuer's Related Persons will be subject to escrow pursuant to the TSXV policy 5.4. The securities held by each of the persons named below (collectively, the "**Escrow Holders**") will be held in escrow and in accordance with applicable securities rules and TSXV policies, the Escrow Holders will execute an escrow agreement with the Resulting Issuer and Endeavor Trust Corporation (the "**Escrow Agent**") substantially in the form of TSXV Form 5B (the "**TSXV Escrow Agreement**") in respect of an aggregate of 8,809,623 Common Shares prior to the Listing. 10% of such securities held in escrow will be released from escrow on the date of the Final Exchange Bulletin, and 15% every six months thereafter. Common Shares held by the following persons will be subject to escrow pursuant to the TSXV Escrow Agreement:

<b>Name and Municipality of the Securityholder</b>	<b>Designation of Securities</b>	<b>Number of Securities prior to the Transaction</b>	<b>% of class prior to the Transaction</b>	<b>Number of Securities to be held in escrow</b>	<b>% of class at the date of Listing Application<sup>(1)</sup></b>
Eli Ben-Haroosh <sup>(2)</sup> <i>Israel</i>	Common Shares	N/A	N/A	4,768,684	24.41%
Asher Holzer <sup>(2)</sup> <i>Israel</i>	Common Shares	N/A	N/A	3,040,939	15.57%
Sophya Galper-Komet <sup>(2)</sup> <i>Toronto, ON</i>	Common Shares	18	50%	1,000,000	5.12%

Notes:

(1) Based on 19,533,037 Resulting Issuer Shares issued and outstanding upon the Closing of the Transaction on a non-diluted basis.

(2) Principal (director/officer) of the Resulting Issuer.

The TSXV Escrow Agreement provides that the TSXV Escrow Securities are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with other than in accordance with the terms of the TSXV Escrow Agreement. In the event of the bankruptcy of an escrow shareholder, in accordance with the TSXV Escrow Agreement, the TSXV Escrow Securities held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the TSXV Escrow Securities, which shares will remain in escrow subject to the TSXV Escrow Agreement. In the event of the death of an escrow shareholder, in accordance with the TSXV Escrow Agreement, the TSXV Escrow Securities held by the escrow shareholder will be released from escrow.

In addition to the Escrowed Securities described above, upon completion of the Listing certain shareholders of the Resulting Issuer holding an aggregate of 3,982,050 shares and optionholders holding an aggregate of 1,293,865 Options, will become subject to various seed share resale restrictions in accordance with Section 10.9 of Policy 5.4

### ITEM 15 - PRINCIPAL SHAREHOLDERS

Upon completion of the Transaction, the following Persons are the beneficial owners of or will, directly or indirectly, exercise control or direction over more than 10% of the issued and outstanding Resulting Issuer Shares:

Name	Type of Ownership	Number of Securities to Be Distributed to the Shareholder	Non-Diluted after Completion of Transaction		Fully Diluted after Completion of Transaction	
			Number	Percentage	Number	Percentage
Eli Ben-Haroosh <sup>(2)</sup>	Direct <sup>(2)</sup>	Nil	4,768,684	24.41%	4,768,684	22.73%
Asher Holzer <sup>(2)</sup>	Direct <sup>(2)</sup>	Nil	3,040,939	15.57%	3,040,939	14.49%
Sophya Galper-Komet	Direct <sup>(2)</sup>	Nil	1,000,000	5.12%	1,000,000	4.77%

Notes:

<sup>(1)</sup> all Resulting Issuer Shares held directly and indirectly by Messrs. Eli Ben-Haroosh and Asher Holzer are subject to escrow.

<sup>(2)</sup> Based on 19,533,037 Resulting Issuer Shares issued and outstanding on a non-diluted basis and 20,983,680 Resulting Issuer Shares on a fully diluted basis.

#### *Dividend Policy*

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends subsequent to the Completion of the Transaction. It is not contemplated that any dividends will be paid on the Resulting Issuer Shares in the immediate future subsequent to the Completion of the Transaction, however, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid.

### ITEM 16 - DIRECTORS, OFFICERS AND PROMOTERS

#### *Name, Address, Occupation and Number of Securities Held*

The following are the names, age and municipality of residence of the directors, officers, and promoters of the Resulting Issuer, the positions and offices which they hold with the Resulting Issuer, their respective principal occupations and the number and percentage of securities of the Resulting Issuer they hold on a non-diluted basis, assuming the Completion of the Transaction.

<b>Name, Province and Country of Residence &amp; Position(s) Held</b>	<b>Date Director or Officer of Company Since</b>	<b>Principal Occupation in the Previous 5 Years</b>	<b>Number &amp; % of Securities Held After Completion of the Transaction <sup>(1)</sup></b>
<b>Eli Ben-Haroosh</b> Tel-Aviv, Israel <i>President, CEO &amp; Director</i>	November 13, 2024	VP and CEO of Premier – Dead Sea, the president of Mariana Inc. StickIt Ltd. - Co-Founder, CEO, Director	4,768,684 <sup>(2)</sup>  24.41%
<b>Asher Holzer</b> <sup>(3)</sup> Tel-Aviv, Israel <i>Director</i>	November 13, 2024	HeartChain Corp. Co-Founder, Chairman, Director StickIt Ltd. Co-Founder, Chairman, Director PSYRX Ltd. Co-Founder, Director	3,040,939 <sup>(2)</sup>  15.57%
<b>Orit Berger</b> <sup>(3)(4)</sup> Vancouver, BC <i>Director</i>	November 13, 2024	Business Development manager of Anigo Holdings Ltd.	0  0%
<b>Christina Cameron</b> <sup>(3)(4)</sup> Toronto, ON <i>Director</i>	November 13, 2024	Life Science Capital Markets Specialist Investor relations adviser to Medicenna Therapeutics Corp.	0  0%

Notes:

- (1) Assuming an issued capital of 19,533,037 Resulting Issuer Shares on Completion of the Transaction and Listing on a non-diluted basis, assuming no additional ZC warrants are exercised.
- (2) These common shares are subject to escrow restrictions. See “*Escrowed Securities*”.
- (3) Member of the Audit Committee.
- (4) Independent Director

The directors and executive officers of the Resulting Issuer as a group are expected to beneficially own, directly or indirectly 8,809,623 common shares in the capital of the Resulting Issuer, representing approximately 45.10% of the issued and outstanding Common Shares on a non-diluted basis.

Each director of the Resulting Issuer is expected to hold office until the next annual meeting of the shareholders of the Resulting Issuer or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the articles of the Resulting Issuer or he becomes disqualified to act as a director. The term of office of the Resulting Issuer’s officers is at the discretion of the directors.

*Management*

The following sets out details respecting the proposed management and directors of the Resulting Issuer:

***Eli Ben-Haroosh (54) - President, CEO and Director***

Mr. Ben-Haroosh is a seasoned executive and prior to joining ZC he served as President of Vonetize PLC, a cannabis cultivation company in Colorado, USA, listed on the Tel-Aviv Stock Exchange. In the previous 7 years he served as VP and CEO of Premier – Dead Sea and was responsible for sales in 74

countries and in close to 1,000 points of sale generating tens of millions of dollars a year. Mr. Ben-Haroosh currently serves as the CEO and director of StickIt Technologies Inc., a CSE listed company, as director of several companies and as the president of Mariana Inc. which works in the field of cannabis research and development. He holds a degree in business management from Ben Gurion University of the Negev. It is expected that Mr. Ben-Haroosh will become a chief executive officer and director of the Resulting Issuer and he anticipates devoting approximately 40% of his time to Resulting Issuer's business.

***Asher Holzer (74) – Director***

Mr. Holzer has over 30 years' experience in management of both private and public corporations in the medical device and the biotech industry. His expertise covers a wide range of activities including product development, clinical studies, regulatory affairs and marketing. Asher founded several successful bio-tech companies and served as their chairman and president. These included InspireMD (NYSE MKT: NSPR), a medical device company which improves treatment of patients undergoing heart stenting and UroGen Pharma (NASDAQ: URGN) focusing on developing therapies for urological pathologies. Asher was part of the management team of Biosense which was acquired by Johnson & Johnson in 1997 and became the worldwide market leader in developing and marketing products for the diagnosis and treatment of cardiac arrhythmias. He holds a Ph.D. in Applied Physics and a M.Sc. in Material Science from Hebrew University in Jerusalem, Israel. He holds several granted and pending patents, mainly in the fields of interventional cardiology and urology. It is expected that Mr. Holzer will become a director of the Resulting Issuer and will devote approximately 40% of his time to the business of the Resulting Issuer.

***Sophya Galper-Komet (48) – CFO and Corporate Secretary***

Ms. Galper-Komet is a founder of Wisdom Star, a boutique consultancy that provides C-level executive corporate services to corporate clients and qualified investors in a wide variety of industries. Prior to that (2019 – 2022) Ms. Galper-Komet had served as Chief Operating Officer of a private real estate investment company. Prior to this role, she served as the principal and owner of Business Scope International, a private consultancy firm focused on corporate strategy, funding solutions, and corporate governance services for an array of corporate clients.

Ms. Galper-Komet is a seasoned financial expert and a strategy consultant with broad experience in the corporate public and start-up arenas. With over 20 years of experience working on different angles of capital markets and private equity, her expertise in developing diverse funding solutions to corporate issuers includes initial public offerings, bond offerings, M&A and private equity transactions. Ms. Galper-Komet has served as a director of numerous public companies and financial institutions including a chair of several board committees. Ms. Galper-Komet holds an MBA in Finance and Accounting and a BA in Economics and Psychology from Tel Aviv University.

Ms. Galper-Komet will devote approximately 30% of her time to the business of the Resulting Issuer.

***Orit Berger (50) –Director***

Ms. Orit Berger brings to the Resulting Issuer over 20 years of experience in financial management, business operations, and strategic planning to enhance financial and business growth of the organization. She is one of the founders and a finance manager of Anigo Technologies Inc. – a technology start-up company that was sold in 2021 to a TSXV listing company. Ms. Berger served as a Chief Financial Officer of Eshkol Glili Ltd. and Northern Goals of Rashi Foundation in Israel. Ms. Berger obtained her BA in economy and management from Tel-Hai College (Israel) and Masters in Business Administration from The Open University (Israel).

Ms. Berger is expected to devote less than 10% of his time to the business of the Resulting Issuer.

**Christina Cameron (48) - Director**

Ms. Cameron holds over 20 years of life sciences capital markets experience where she has held a multitude of positions within the investment community in the areas of investment banking, equity sales and investor relations. Prior to becoming an independent capital markets consultant, Ms. Cameron was the Director of Investor Relations at Medicago, a clinical-stage biopharmaceutical company developing novel vaccines and therapeutic proteins to address a broad range of infectious diseases worldwide. Previously, as a senior member of Equicom, Ms. Cameron provided strategic guidance and counseling for senior life science management teams on day-to-day IR activities.

Ms. Cameron is expected to devote less than 10% of his time to the business of the Resulting Issuer.

*Corporate Cease Trade Orders or Bankruptcies*

No director, officer, Insider or promoter of the Resulting Issuer, or any shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has within the 10 years before the date of the Listing Application been a director, officer, Insider or promoter of any person or company that, while such Person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the Issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became a bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

*Penalties or Sanctions*

No director, officer, Insider or promoter of the Resulting Issuer, or any shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer or a personal Holding Company of such persons is or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

*Personal Bankruptcies*

No director, officer, Insider or promoter of the Resulting Issuer, or any shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal Holding Company of any such Persons, has, within the 10 years preceding the date of this Listing Application, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

*Conflicts of Interest*

There are potential conflicts of interest to which the directors, officers, Insiders and promoters of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. All of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the Resulting Issuer. Accordingly, situations may arise where all of the directors, officers, Insiders and promoters will be in direct

competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

### Participation of Directors in Other Reporting Issuers

The following directors of the Resulting Issuer hold directorships in other reporting issuers or reporting issuer equivalents as set out below:

Name	Name and Jurisdiction of Reporting Issuer	Name of Exchange or Market	Position	Term
Eli Ben-Haroosh	StickIt Technologies Inc. <i>British Columbia Ontario</i>	CSE	Director and CEO	October 23, 2023 (listing) to Present
	Vonetize PLC <i>Israel</i>	TASE	Director	2022
Asher Holzer	StickIt Technologies Inc. <i>British Columbia Ontario</i>	CSE	Director and Executive Chairman	October 23, 2023 (listing) to Present
	UroGen Pharma Ltd. <i>USA</i>	NASDAQ	Director	April 2004 to December 2016
	BioSig Technologies, Inc. <i>USA</i>	NASDAQ	Director	February 2012 to October 2016
	InspireMD, Inc. <i>USA</i>	NASDAQ	President, Co-founder and Director	2005 to December 2012
Orit Berger	StickIt Technologies Inc. <i>British Columbia Ontario</i>	CSE	Director	October 23, 2023 (listing) to Present
Sophya Galper-Komet				
	StickIt Technologies Inc. <i>British Columbia Ontario</i>	CSE	Director and Chief Financial Officer	October 23, 2023 (listing) to Present

### ITEM 17 - EXECUTIVE COMPENSATION

The following table sets forth the anticipated compensation for the twelve months period following Completion of the Transaction and Listing, for each of the Resulting Issuer's proposed Named Executive Officers (collectively, the "named executive officers" or "NEOs"), being Eli Ben-Haroosh, the President and CEO of the Resulting Issuer and Sophya Galper-Komet, the CFO of the Resulting Issuer. "Named executive officers" or "NEOs" means each of the following individuals: (i) each CEO; (ii) each CFO; (iii) the most highly compensated executive officer other than CEO and CFO at the end of the most recently completed financial year whose total compensation was more than C\$150,000; (iv) each individual who would be a named executive officer under (iii) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

Name and Principal Position	Salary (\$)	Share Based Awards (\$)	Option-based Awards (\$)	Non-equity incentive plan compensation		Pension Value (\$)	Other Compensation (\$) <sup>(2)</sup>	Total Compensation (\$)
				Annual Incentive plans	Long-term incentive plans			
Eli Ben-Haroosh CEO	120,000	Nil	Nil	Nil	Nil	17,796	30,000	167,796
Sophya Galper-Komet CFO	36,000	Nil	Nil	Nil	Nil	Nil	Nil	36,000

Notes:

- (1) The Company's financial year end prior to Completion was July 31. The Resulting Issuer's financial year end following Completion is December 31.
- (2) Or its equivalent in NIS, as car lease/transportation expense.

*Compensation Discussion and Analysis*

The compensation programs of the Resulting Issuer will be designed to support the Resulting Issuer's business and financial objectives. The compensation programs will be set out and reviewed by the Board of Directors. They will be intended to achieve a number of objectives, including:

- (a) to support Resulting Issuer's ability to attract, develop and retain high quality directors, officers, employees and consultants;
- (b) align the interests of executives and securityholders;
- (c) to reward performance;
- (d) to support business growth and superior financial results; and
- (e) to promote internal equity and a disciplined qualitative and quantitative assessment of performance.

These objectives will provide the framework for the various components of compensation and benefits, and take into account the specific nature of Resulting Issuer's business. Each element of the compensation will be designed to achieve a specific purpose. Together they will form an aggregate package that will be intended to be appropriately competitive and to provide the necessary flexibility and incentives to achieve the Company's goals and objectives. In determining the precise levels of each element of compensation as well as the total compensation and benefit package awarded, including the Option-Based Awards, the Board of Directors will:

- (a) exercise its business judgment and discretion in setting the level of compensation within pre-established ranges;
- (b) review actual historical delivery of compensation versus design to ensure that actual compensation will be consistent with the intent of the programs;

- (c) review total compensation design to assure that the various ranges remain appropriately competitive and continue to meet the objectives described above; and

The terms of the management agreements with the Named Executive Officers have not been agreed to as of the date of this Listing Application and therefore many of the executive compensation features and performance goals are not known yet.

The Board of the Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Stock Option Plan. Options may be granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors.

The grant of the stock options under the Plan will be solely in the discretion of the Board of Directors.

#### *Employment Agreements*

Upon completion of the Listing, ZC, the Company's wholly owned subsidiary, is expected to enter into an employment agreement with Mr. Eli Ben-Haroosh to serve as the Resulting Issuer's chief executive officer. Pursuant to the terms of the employment agreement with Mr. Ben-Haroosh, he will be entitled to a salary equal to \$10,000 per month payable in NIS. The Resulting Issuer will also make monthly contributions to a pension plan for Mr. Ben-Haroosh equal to an aggregate of 14.83% of his monthly salary for severance pay and pension, in accordance with Israeli law. Mr. Ben-Haroosh will be entitled to annual bonuses based on the achievement of revenue targets, equity financing, or corporate M&A transaction. Mr. Ben-Haroosh will be also eligible to receive incentive grants under the Resulting Issuer Option Plan. Mr. Ben-Haroosh's employment agreement includes a confidentiality, non-competition, non-solicitation, and assignment of inventions undertaking from Mr. Ben-Haroosh to the Resulting Issuer.

ZC has entered into a consultancy agreement with Mr. Asher Holzer to serve as a managing scientist of ZC. Pursuant to the terms of this agreement, upon Completion of the Transaction and Listing, Mr. Holzer's fee is expected to be \$5,000 per month. Mr. Holzer's agreement includes a confidentiality, non-competition, non-solicitation, and assignment of inventions undertaking from Mr. Holzer to ZC.

#### *Incentive Plan Awards and Option Based Awards*

Upon Completion of the Transaction, subject to the TSXV and Shareholder approval, the Resulting Issuer will adopt the omnibus stock option Plan. Pursuant to the terms of the Plan, the number of securities reserved shall not exceed, in the aggregate, 10% of the number of the Resulting Issuer Shares then outstanding; provided that the maximum number of Resulting Issuer Shares reserved for issuance, in the aggregate, pursuant to the awards granted under the Plan, at any point in time, shall be equal to 10% of the number of the Resulting Issuer Shares then outstanding, unless disinterested shareholder approval is obtained.

Although the Resulting Issuer plans to issue incentive stock options to its *bona fide* employees, consultants, directors and officers, no firm determinations were made as of the date of this Listing Application other than the options issued in exchange for ZC Options pursuant to the terms of the Transaction.

#### *Pension Plan Benefits*

It is not anticipated that the Resulting Issuer will have any pension plan for its directors, officers or employees other than as disclosed above and in accordance with Israeli laws.

### *Termination and Change of Control Benefits*

The terms of the Management Agreements have not been agreed to as of the date hereof. However, the Resulting Issuer does not anticipate paying any additional compensation to the Named Executive Officers resulting from the resignation, retirement or any other termination of employment of the officers or from a change of the Named Executive Officer's responsibilities following the Transaction.

### *Compensation of Directors*

It is not anticipated that directors other than the NEOs who will be otherwise employed by or engaged to provide services to the Resulting Issuer will be paid any cash compensation for their services as directors. Notwithstanding the foregoing, it is anticipated that all directors will be primarily compensated for their services as directors by the granting of stock options and RSUs in such amounts and upon such terms as may be approved by the Board of Directors from time to time.

The following table sets forth the anticipated compensation for the twelve month period for each of the Resulting Issuer's proposed directors that are not Named Executive Officers:

<b>Name</b>	<b>Fees</b>	<b>Share-based Awards</b>	<b>Option-based Awards</b>	<b>Non-equity incentive plan compensation</b>	<b>Pension Value</b>	<b>All Other Compensation</b>	<b>Total</b>
Asher Holzer	60,000	Unknown at this time	Nil	Nil	Nil	Nil	Unknown at this time
Orit Berger	Nil	Unknown at this time	Nil	Nil	Nil	Nil	Unknown at this time
Christina Cameron	Nil	Unknown at this time	Nil	Nil	Nil	Nil	Unknown at this time

Notes:

- (1) In addition to being a director of the Company, Mr. Asher Holzer will provide services as a consulting scientist to the Company.

### *External Management Companies*

No management functions of the Company are expected to be performed by a person other than the senior officers or directors of the Resulting Issuer.

### *Directors' and Officers' Liability Insurance*

The Company currently does not maintain directors' and officers' liability insurance coverage, however plans to purchase applicable insurance coverage concurrently with Transaction and immediately prior to its Listing.

### *Oversight and Description of Director and NEO Compensation*

The formal policies or practices of the Company to determine the compensation for the proposed directors and executive officers are not known. It is anticipated that following the Listing, the Company will establish such formal policies or practices.

## ITEM 18 - INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of 131 or ZC or person who acted in such capacity in the last financial year of 131 or ZC, or director or officer of the Resulting Issuer, or any Associate of any such director or officer is, or has been, at any time since the beginning of the most recently completed financial year of 131 or ZC, indebted to 131 or ZC nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by 131 or ZC.

## ITEM 19A - AUDIT COMMITTEE

### Audit Committee Charter

The Company's Audit Committee is governed by its Audit Committee Charter, a copy of which is attached hereto as Schedule "D".

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee will recommend the auditors to be nominated and review the compensation of the auditors. The Audit Committee is directly responsible for overseeing the work of the auditors, must pre-approve non-audit services, be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information to be extracted or derived from the Company's financial statements and must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

### Composition of the Audit Committee

The following directors are the members of the Audit Committee:

Christina Cameron	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Asher Holzer <sup>(3)</sup>	Non-Independent	Financially literate <sup>(2)</sup>
Orit Berger	Independent	Financially literate <sup>(2)</sup>

#### Notes:

(1) NI 52-110 sets out the standard for director independence. Under NI 52-110, a director is independent if he or she has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship to the Company.

(2) As defined by NI 52-110.

(3) Although Mr. Holzer is not an employee of the Resulting Issuer and expects to receive less than \$75,000 in direct compensation from the Resulting Issuer, the Company designated Mr. Holzer as a "non-independent" director in order to avoid any conflicts of interests.

### Relevant Education and Experience

The education background or experience of the following Audit Committee members will enable each to perform his responsibilities as an Audit Committee member and has provided the member with an understanding of the accounting principles used by the Resulting Issuer to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves as well as experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities and an understanding of internal controls and procedures for financial reporting:

Mr. Holzer has been a director and officer of and/or consultant to numerous public companies in different industries and as a director has been responsible for approving financial statements. Mr. Holzer will provide the Audit Committee with knowledge and expertise on the reporting and understanding of financial regulatory system. Mr. Holzer holds a Ph.D. in Applied Physics and a M.Sc. in Material Science from Hebrew University in Jerusalem, Israel. See “*Directors and Executive Officers*” for further details pertaining to Mr. Holzer’s relevant education and experience.

Ms. Berger has been a controller and chief financial officer of various private companies and has been responsible for preparation of the financial statements. Ms. Berger holds an MBA in Business Administration and a BA in Economy and Management. See “*Directors and Executive Officers*” for further details pertaining to Ms. Berger’s relevant education and experience.

Ms. Cameron is an independent market consultant and in over 10 years Ms. Cameron served in various positions in the areas of investment banking, equity sales and investor relations. Ms. Cameron will provide the Audit Committee with knowledge and expertise on the reporting and understanding of financial regulatory system. See “*Directors and Executive Officers*” for further details pertaining to Ms. Cameron’s relevant education and experience.

### **Reliance on Certain Exemptions**

Since the Resulting Issuer will be a “Venture Issuer” pursuant to applicable Canadian securities legislation, it is relying upon the exemption provided for at section 6.1 of NI 52-110 in respect of the composition of the Audit Committee.

At no time since the commencement of the Resulting Issuer’s most recently completed financial year has the Resulting Issuer relied on the exemptions provided for in subsections 2.4, 6.1.1(4), 6.1.1(5), or 6.1.1(6) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted pursuant to Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Resulting Issuer’s external auditors. The Audit Committee will be responsible for the pre-approval of all audit services and permissible non-audit services to be provided to the Resulting Issuer by the external auditors, subject to any exceptions provided in NI 52-110.

Details of the composition and function of the remaining standing committees to be formed following the Listing will be discussed at the first meeting of the directors following the Listing.

### **External Auditors Service Fees**

For the financial years ended December 31, 2023 and 2022 ZC was billed the following fees by ZC’s external auditor, BOKS International Limited (Ovadia Kriheli & Co), and for the financial years ended July 31, 2023 and 2022, the Company was billed the following fees by the Company’s external auditor, Stern & Lovrics LLP:

<b>Financial Ending</b>	<b>Year</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
ZC 2023	December 31,	\$33,333	Nil	Nil	Nil
ZC 2022	December 31,	\$33,333	Nil	Nil	Nil
Company 2023	July 31,	\$6,000	Nil	Nil	Nil
Company 2022	July 31,	\$6,000	Nil	Nil	Nil

Notes:

- (1) “*Audit fees*” are fees billed by the Company’s or ZC’s external auditors for services provided in auditing the Company’s or ZC’s (as applicable) annual financial statements for the subject year.
- (2) “*Non-Audit-related fees*” are fees billed by the Company’s or ZC’s external auditors for assurance and related services that are reasonably related to the performance of the review of the Company’s or ZC’s financial statements, as applicable.
- (3) “*Tax fees*” are fees billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning.
- (4) “*All other fees*” are fees billed by the auditors for products and services not included in the foregoing categories.

## **ITEM 19B - CORPORATE GOVERNANCE**

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and will be charged with the day-to-day management of the Resulting Issuer.

The Board of Directors of the Resulting Issuer will be committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision-making.

The Resulting Issuer’s anticipated corporate governance practices are summarized below:

### **Board of Directors**

The Board of Directors facilitates its exercising of independent supervision over the Company’s management through meetings of the Board of Directors and both directly and indirectly through its committees and independent members. Meetings of the independent directors and committees are not regularly scheduled but communication among this group occurs on an ongoing basis as needs arise from regularly scheduled meetings of the Board of Directors. The Board of Directors believes that adequate structures and processes are in place to facilitate the functioning of the Board of Directors with a level of independence of the Company’s management.

The Board of Directors of the Company consists of four directors: Eli Ben-Haroosh, Asher Holzer, Christina Cameron and Orit Berger. Mr. Holzer, Ms. Cameron and Ms. Berger are independent members of the Board of Directors within the meaning of NI 58-101 in that they are independent and free from any material relationship with the Company which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

**The remaining member of the Board of Directors is not considered independent: Mr. Eli Ben-Haroosh is President and Chief Executive Officer of the Company.**

### **Board Responsibilities**

The Board has overall responsibility for the stewardship of the Company. The Company's Board of Directors is empowered by governing corporate law and the Resulting Issuer's Articles to manage, or supervise the management of, the affairs and business of the Resulting Issuer.

The Board of Directors performs its functions through quarterly and special meetings and is expected to delegate certain of its responsibilities to those committees described below. In addition, upon Listing, the Board of Directors anticipates to establish policies and procedures that limit the ability of management to carry out certain specific activities without the prior approval of the Board of Directors.

Long-term strategies and annual operating and capital plans with respect to the Company's operations will be developed by senior management and reviewed and approved by the Board of Directors.

The Board of Directors, through the Audit Committee, will have the responsibility to identify the principal risks of the Resulting Issuer's business. It works with management to implement policies to identify the risks and to establish systems and procedures to ensure that these risks are monitored.

The Board of Directors will delegate responsibility for the integrity of internal controls and management information systems to the Audit Committee. The Resulting Issuer's external auditors will report directly to the Audit Committee. In its regular meetings with the external auditors, the Audit Committee will discuss, among other things, the Resulting Issuer's financial statements and the adequacy and effectiveness of the Resulting Issuer's internal controls and management information systems.

### **Orientation and Continuing Education**

New directors will be briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, no formal orientation for new members of the Board is expected to be implemented, and this is considered to be appropriate, given the Resulting Issuer's size and anticipated level of operations. However, if the growth of the Resulting Issuer's operations warrants it, it is likely that a formal orientation process will be implemented.

### **Ethical Business Conduct**

The Resulting Issuer does not expect to adopt a written code for ethical business conduct in the 12 months following Listing.

The Board of Directors will encourage and promote a culture of ethical business conduct by actively overseeing the management of the business. While there is no formal policy on ethical business conduct, the Resulting Issuer anticipates to carry out its business in accordance with the rules and regulations of all regulatory agencies to which it is subject. This culture of compliance will be stressed to all levels of management of the Resulting Issuer to ensure that business is conducted in an ethical and proper manner at all times.

The Company is established under and the Resulting Issuer is therefore expected to be governed by the provisions of the *Business Corporations Act* (British Columbia) (the "BCA"). Pursuant to the BCA, a director or officer of the Company must disclose to the Company in writing or by requesting that it be entered in the minutes of meetings of the Board of Directors, the nature and extent of any interest that he

or she has in material contract or material transaction, whether made or proposed, with the Resulting Issuer, if the director or officer: (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. The interested director cannot vote on any resolution to approve such contract or transaction.

### **Nomination of Directors**

The Board of Directors is expected to consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board of Directors' duties effectively and to maintain a diversity of views and experience. The nomination of new directors is currently performed by the Board of Directors as a whole. However, if there is a change in the number of directors required by the Resulting Issuer, this policy will be reviewed.

### **Compensation of Directors**

There are no current plans for the Resulting Issuer to pay any cash compensation to the proposed directors for services rendered in their capacity as directors, other than directors serving as NEOs. This matter will be reconsidered by the Board upon completion of the Listing. It is also expected that the Resulting Issuer will grant options to the proposed directors in recognition of the time and effort that such directors devote to the Resulting Issuer. The timing, amounts, exercise price of these future option based and share based awards are not yet determined.

### **Other Committees**

Other than the Audit Committee, the Resulting Issuer anticipates that it will have no other standing committees upon Listing. Following the Listing, the Board will consider addition of other committees as appropriate.

### **Assessments**

The Board of Directors does not consider that formal assessments would be useful at this stage of the Resulting Issuer's development. The Board of Directors expects that it will conduct informal annual assessments of the Board of Director's effectiveness, the individual directors and each of its committees. As part of the assessments, the Board of Directors or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

### **Expectations of Management**

The Board of Directors expects management to operate the business of the Resulting Issuer in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Resulting Issuer's business plan and to meet performance goals and objectives.

## **ITEM 20 – AGENT, SPONSOR AND ADVISOR**

No Agent or Sponsor (as these terms are defined in the policies of the Exchange), or advisor has been retained by the Company in connection with this Listing Application. The Company has sought a waiver for any sponsorship requirement on the basis of, among others, (i) majority of its board of directors and management team being residents of Canada, (ii) the Resulting Issuer's pursuit of "Fast Track" approval with the FDA as a Class II De Novo device, (iii) the directors and senior officers of the Resulting Issuer collectively possessing appropriate experience, qualifications and history whereby each member of the

board is suitable both on an individual basis and in relation to other members of the board, such that the members of the board collectively possess, among others, a positive record with junior companies, as evidenced by growth of such companies, the ability to raise financing, a positive corporate governance and regulatory history, technical experience in the appropriate industry sector, where applicable, and positive experience as directors or senior officers with public companies in Canada or the United States, as evidenced by the growth of such companies and/or the listing of such companies on Tier 1 of the Exchange or on a senior exchange or quotation system such as the TSX, NASDAQ and TASE (Tel-Aviv Stock Exchange).

## **ITEM 21 – RISK FACTORS**

An investment in the Resulting Issuer's shares should be considered highly speculative due to the nature of ZC's business and the present stage of its development. Upon Completion of the Transaction, all of the risks described below in respect of ZC will apply equally to 131. In evaluating ZC and its business, shareholders should carefully consider, in addition to the other information contained in this Listing Application, the following risk factors. These risk factors are not a definitive list of all risk factors associated with 131, ZC or in connection with either of their operations. It is believed that these are the factors that could cause actual results to be different from expected and historical results. You should not rely upon forward-looking statements as a prediction of future results.

Additional risks and uncertainties that the Company or ZC are unaware of, or that the Company or ZC currently deems to be immaterial, may also become important factors that affect the Resulting Issuer. If any of the risks actually occur, the business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Company's or the Resulting Issuer's shares, as applicable, could decline and the shareholder could lose all or part of his or her investment.

### **History of Operating Losses**

To date, ZC has not recorded any revenues from the sale of diagnostic or therapeutic products. Since incorporation, ZC has accumulated net losses and expects such losses to continue as it commences product and pre-clinical development and eventually enters into license agreements for its technology. Management expects to continue to incur substantial operating losses unless and until such time as product sales generate sufficient revenues to fund continuing operations.

131 has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. There is no assurance that 131 will produce a profit after the successful acquisition of ZC.

### **Early Stage Development**

ZC has not begun to market any product or to generate revenues. The Resulting Issuer expects to spend a significant amount of capital to fund research and development and on further laboratory and animal studies. As a result, the Resulting Issuer expects that its operating expenses will increase significantly and, consequently, it will need to generate significant revenues to become profitable. Even if the Resulting Issuer does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Resulting Issuer cannot predict when, if ever, it will be profitable. There can be no assurances that the Intellectual Property of ZC, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed.

The Resulting Issuer will be undertaking additional laboratory and animal studies with respect to the Intellectual Property of ZC, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

### **Ability to Manage Growth**

Recent rapid growth in all areas of ZC's business has placed, and is expected to continue to place, a significant strain on its managerial, operational and technical resources. The Resulting Issuer expects operating expenses and staffing levels to increase in the future. To manage such growth, the Resulting Issuer must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the Resulting Issuer will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage the Resulting Issuer's expansion could have a material adverse effect on its business and results of operations.

### **Unproven Market**

The Resulting Issuer believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.

### **Manufacturing, Medical Devices Development and Marketing Capability**

The Resulting Issuer has no and does not expect to have any in-house manufacturing, pharmaceutical development or marketing capability. To be successful, a product must be manufactured and packaged in commercial quantities in compliance with regulatory requirements and in reasonable time frames and at accepted costs. The Resulting Issuer intends to contract with third parties to develop its products. No assurance can be given that the Resulting Issuer or its suppliers will be able to meet the supply requirements of the Resulting Issuer in respect of the product development or commercial sales.

Production of therapeutic products may require raw materials for which the sources and amount of supply are limited, or may be hindered by quality or scheduling issues in respect of the third party suppliers over which the Resulting Issuer has limited control. An inability to obtain adequate supplies of raw materials could significantly delay the development, regulatory approval and marketing of a product. The Resulting Issuer has limited in-house personnel to internally manage all aspects of product development, including the management of multi-center clinical trials. The Resulting Issuer is significantly reliant on third party consultants and contractors to provide the requisite advice and management. There can be no assurance that the clinical trials and product development will not encounter delays which could adversely affect prospects for the Resulting Issuer's success.

To be successful, an approved product must also be successfully marketed. The market for the Resulting Issuer's product being developed by the Resulting Issuer may be large and will require substantial sales and marketing capability. At the present time, neither the Company nor ZC has any internal capability to market medical devices. The Resulting Issuer intends to enter into one or more strategic partnerships or collaborative arrangements with medical devices companies or other companies with marketing and distribution expertise to address this need. If necessary, the Resulting Issuer will establish arrangements with various partners for geographical areas. There can be no assurance that the Resulting Issuer can market, or can enter into a satisfactory arrangement with a third party to market a product in a manner that would assure its acceptance in the market place. However, if a satisfactory arrangement with a third party to market and/or distribute a product is obtained; the Resulting Issuer will be dependent on the corporate

collaborator(s) who may not devote sufficient time, resources and attention to the Resulting Issuer's programs, which may hinder efforts to market the products. Should the Resulting Issuer not establish marketing and distribution strategic partnerships and collaborative arrangements on acceptable terms, and undertake some or all of those functions, the Resulting Issuer will require significant additional human and financial resources and expertise to undertake these activities, the availability of which is not guaranteed.

The Resulting Issuer will rely on third parties for the timely supply of raw materials, equipment, contract manufacturing, and formulation or packaging services. Although the Resulting Issuer intends to manage these third party relationships to ensure continuity and quality, some events beyond the Resulting Issuer's control could result in complete or partial failure of these goods and services. Any such failure could have a material adverse effect on the financial conditions and result of operation of the Resulting Issuer.

### **Pre-Clinical Studies and Initial Clinical Trials are not Necessarily Predictive of Future Results**

Pre-clinical tests and Phase I and Phase II clinical trials are primarily designed to test safety and to understand the side effects of product candidates at various doses and schedules. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful nor does it predict final results. Favorable results in early trials may not be repeated in later trials.

A number of companies in the life sciences industry have suffered significant setbacks in advanced clinical trials, even after positive results in earlier trials. Clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. Negative or inconclusive results or adverse medical events during a clinical trial could cause a clinical trial to be delayed, repeated or terminated. Any pre-clinical data and the clinical results obtained for our technologies may not predict results from studies in larger numbers of subjects drawn from more diverse populations or in the commercial setting, and also may not predict the ability of our products to achieve their intended goals, or to do so safely.

### **Government Regulations**

The products developed by ZC are classified as medical devices and are subject to extensive regulation in the United States by the FDA, Canada by Health Canada, and by comparable government agencies in other countries. The regulations govern the development, design, approval, manufacturing, labeling, importing and exporting and sale and marketing of many of our medical products. These regulations are also subject to future change. Failure to comply with applicable regulations and quality assurance guidelines could lead to manufacturing shutdowns, product shortages, delays in product manufacturing, product seizures, recalls, operating restrictions, withdrawal or suspension of required licenses, and prohibitions against exporting of products to, or importing products from, certain countries. Successful execution of the Company's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the manufacturing and sale of its products, including maintaining and renewing its licenses. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Resulting Issuer's business. Neither ZC nor the Company can predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on their business. Public opinion can also exert a significant influence over the regulation of the medical devices industry. A negative shift in the public's perception of certain medical devices could affect future legislation or regulation in different jurisdictions.

### **Raw Materials and Product Supply**

Raw materials and supplies are generally available in quantities to meet the needs of the Resulting Issuer's business. The Resulting Issuer will be dependent on third-party manufacturers for the pharmaceutical products that it markets. An inability to obtain raw materials or product supply could have a material adverse impact on the Resulting Issuer business, financial condition and results of operations.

### **Need for Additional Capital and Access to Capital Markets**

The Company anticipates that the Resulting Issuer will need additional capital to complete its current research and development programs. It is anticipated that future research, additional pre-clinical studies and manufacturing initiatives, including that to prepare for market approval and successful product market launch will require additional funds. Further financing may dilute the current holdings of shareholders and may thereby result in a loss for shareholders. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable for these or other purposes, or to fulfill the Resulting Issuer's obligations under the various license agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development of the Resulting Issuer's technologies with the possible loss of license rights to these technologies.

### **Competition**

The market for ZC's technology (Candidiasis treatment) is highly competitive. The Resulting Issuer will compete with other research teams who are also examining potential therapeutics with regards to treatment of VVC. Many of its competitors have greater financial and operational resources and more experience in research and development than the Resulting Issuer. These and other companies may have developed or could in the future develop new technologies that compete with the Resulting Issuer's technologies or even render its technologies obsolete.

Competition in ZC's markets is primarily driven by:

- timing of technological introductions;
- ability to develop, maintain and protect proprietary products and technologies; and
- expertise of research and development team.

### **Intellectual Property**

ZC's success depends to a significant degree upon its ability to develop, maintain and protect proprietary products and technologies. ZC files patent applications in the United States, Canada, Europe, and selectively in other foreign countries as part of its strategy to protect its proprietary products and technologies. However, patents provide only limited protection of ZC's intellectual property. The assertion of patent protection involves complex legal and factual determinations and is therefore uncertain and expensive. ZC cannot provide assurances that patents will be granted with respect to any of its pending patent applications, that the scope of any of its patents will be sufficiently broad to offer meaningful protection, or that it will develop additional proprietary technologies that are patentable. ZC's current patents could be successfully challenged, invalidated or circumvented. This could result in ZC's patent rights failing to create an effective competitive barrier. Losing a significant patent or failing to get a patent to issue from a pending patent application that ZC considers significant could have a material adverse effect on ZC's business. The laws governing the scope of patent coverage in various countries continue to evolve. The laws of some foreign countries may not protect ZC's intellectual property rights to the same extent as the laws of Canada, Israel and the United States. ZC holds patents only in selected countries. Therefore, third parties may be able to replicate ZC technologies covered by ZC's patents in countries in which it does not have patent protection.

### **Litigation to Protect the Resulting Issuer's Intellectual Property**

The Resulting Issuer's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Resulting Issuer will not be challenged. The Resulting Issuer's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Resulting Issuer's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Resulting Issuer's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Resulting Issuer's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Resulting Issuer's favour.

### **Legal Proceedings**

In the course of the Resulting Issuer's business, the Resulting Issuer may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Resulting Issuer asserting that it has misappropriated their technologies and had improperly incorporated such technologies into the Resulting Issuer's products. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Resulting Issuer's business. In the future, the Resulting Issuer may be made a party to litigation involving intellectual property matters and such actions, if determined adversely, could have a material adverse effect on ZC and its business.

### **Dependence upon Management**

The Resulting Issuer's success has depended and continues to depend upon its ability to attract and retain key management, including the officers and technical experts. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Resulting Issuer's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Resulting Issuer's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Resulting Issuer, results of operations of the business and could limit the Resulting Issuer ability to develop and market its products. The loss of any of the Resulting Issuer senior management or key employees could materially adversely affect the Resulting Issuer's ability to execute the Resulting Issuer's business plan and strategy, and the Resulting Issuer may not be able to find adequate replacements on a timely basis, or at all.

### **Product Liability**

Resulting Issuer's products will be produced for sale both directly and indirectly to end consumers, and therefore it might face an inherent risk of exposure if product liability claims, regulatory action and litigation of Resulting Issuer's products are alleged to have caused significant loss or injury. Previously unknown adverse reactions resulting from human use of the company's products alone or in combination with other medications could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that our products caused injury or illness or include inadequate instructions for use or warnings concerning possible side effects. A product liability claims or regulatory action against the company could result in increased costs to produce its products and could have a material adverse effect on its business and operational results.

### **Nature of Securities**

The acquisition of the Company's shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. These shares are speculative and should not be acquired by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major portion of an investor's portfolio.

### **Price Volatility of Publicly Traded Securities**

In recent years, the securities markets in the United States, Canada and Israel have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. The future market price of the Resulting Issuer's common shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in their respective results of operations, changes in financial estimates by securities analysts, changes in metal prices, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the Resulting Issuer's common shares. It may be anticipated that any quoted market for the Resulting Issuer's common shares will be subject to market trends generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings. The value of the Resulting Issuer's common shares will be affected by such volatility.

### **No Public Trading Market**

Currently there is no public market for the Resulting Issuer Shares, and there can be no assurance than an active market for the Resulting Issuer Shares will develop or be sustained after the Listing. If an active public market for the Resulting Issuer Shares does not develop, the liquidity of an investor's investment may be limited and the share price may decline.

### **Risk Associated with Foreign Operations in Other Countries**

The Resulting Issuer's primary revenues are expected to be achieved in Israel, United States, EU and Canada. However, the Resulting Issuer may expand to markets outside of the aforementioned countries and become subject to risks normally associated with conducting business in other countries. The Resulting Issuer cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Resulting Issuer's business.

Risks the Resulting Issuer may face in operating in foreign jurisdictions include unforeseen government actions, acts of God, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls, export controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or other events. All or any of these factors, limitations, or the

perception thereof could impede the Resulting Issuer's activities, or otherwise have an adverse impact on the Resulting Issuer's valuation and stock price.

### **Increased Expenses as a Result of Being a Public Company**

The Resulting Issuer expects to incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact performance and could cause results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSXV may substantially increase expenses, including legal and accounting costs, and makes some activities more time consuming and costly. Reporting obligations as a public company and anticipated growth may place a strain on financial and management systems, processes and controls, as well as on personnel.

The Resulting Issuer also expects securities laws, rules and regulations to make it more expensive to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult to attract and retain qualified persons to serve on the Board or as officers. As a result of the foregoing, the Resulting Issuer expects a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact financial performance and could cause results of operations and financial condition to suffer.

### **Limited Experience Managing a Public Company**

The individuals who will constitute the Resulting Issuer's senior management team have relatively limited experience managing a publicly traded company and limited experience complying with the increasingly complex laws pertaining to public companies compared to senior management of other publicly traded companies. The Resulting Issuer's senior management team may not successfully or efficiently manage the transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from senior management and could divert their attention away from the day to day management of the Resulting Issuer business.

### **Enforcement of Judgments Against Foreign Persons**

A number of the proposed directors and officers of the Resulting Issuer reside outside of Canada. Some or all the assets of such persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

### **Risks Associated with Israel-Hamas War**

On October 8, 2023 State of Israel declared war on Hamas, a U.S. designated Foreign Terrorist Organization and a terrorist entity pursuant to Anti-Terrorism Act (S.C. 2001, c. 41).

In addition to the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the current armed conflict in Israel and the Gaza Strip (the "War"), ZC has some of its direct business operations in Israel and its exposure to the current conflict can severely affect its business and operation. ZC might experience:

- disruptions to its operations and business continuity, including physical damage or impaired access to company facilities, offices or technology, and disruptions in access to electricity, gasoline or water;
- workforce disruptions, including impact on key individuals (employees, directors, officers or partners), mobilization of employees who are members of the Israeli military reserves to active duty, disrupted communication with employees in the conflict zone and restrictions on movement in areas subject to armed conflict;
- disruptions to the company's customers and markets;
- supplier, vendor and supply chain disruptions;
- uncertainty around trade routes;
- availability of travel to and from the region, insurance exclusions applicable to outbreak or escalation of armed conflict, declarations of war and/or terrorist acts; and
- other uncertainties as a result of the War.

### **TSXV approval**

The completion of the proposed Transaction is subject to the approval of the TSXV, which approval may not be obtained.

### **Conflicts of Interest**

Certain of the proposed directors and officers of the Resulting Issuer are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including research and development companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

**ITEM 22 – PROMOTERS**

No person is, or has been within the two years immediately preceding the date of the Listing Application, a promoter of 131, ZC or subsidiary of 131 or ZC.

**ITEM 23 – LEGAL PROCEEDINGS**

Other than as disclosed in this Listing Application, the Company or ZC is not and has not been a party to any legal proceedings, nor is it aware of any contemplated legal proceedings, since the beginning of its most recently completed financial year. The Company or ZC is not and has not been subject to any penalties or sanctions imposed by a court or regulatory body or entered into any settlement agreements with a court or regulatory body.

The Company or ZC have not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Application. Management of the Company or ZC or proposed management of the Resulting Issuer are not aware of any such settlement agreements entered into by the Company or ZC.

**ITEM 24 - INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as described elsewhere in this Listing Application, there are no material interests, direct or indirect, of any of the Company's or ZC's directors or executive officers, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of the outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect the Resulting Issuer or any of its subsidiaries.

**ITEM 25 - INVESTOR RELATIONS ARRANGEMENTS**

No investor relations arrangements have been made on behalf of the Resulting Issuer as of the date of this Listing Application.

**ITEM 26 - AUDITOR, TRANSFER AGENT AND REGISTRAR***Auditor*

Following Completion of the Transaction, the Resulting Issuer's auditors are Ovadia Kriheli & Co, of Tuval St. 40 - Sapir Tower, Ramat Gan 5252247, Israel.

*Transfer Agent and Registrar*

The Resulting Issuer's transfer agent and registrar continues to be Endeavor Trust Corporation, located at Suite 702 - 777 Hornby St, Vancouver, BC V6Z 1S4.

**ITEM 27 - MATERIAL CONTRACTS**

This Listing Application includes a summary description of certain of the Company's and ZC material agreements. The summary description discloses all attributes material to an investor in the Common Shares but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on the system for electronic document analysis and retrieval ("SEDAR+"), at [www.sedarplus.ca](http://www.sedarplus.ca), under the Resulting Issuer's profile. Investors are encouraged to read the full text of such material agreements.

The following are the only material contracts that will be in effect upon Listing (other than certain agreements entered into in the ordinary course of business):

- (1) the Escrow Agreement dated November 13, 2024; and
- (2) the Business Combination Agreement dated March 1, 2024, including the amendments.

Copies of the material contracts will be available under the Company's profile at [www.sedarplus.ca](http://www.sedarplus.ca) following the Listing.

#### **ITEM 28 - EXPERTS**

The following is a list of persons or companies whose profession or business gives authority to a statement made by a person or company named in this Listing Application as having prepared or certified a part of that document or report described in the Listing Application:

- (a) Stern & Lovrics LLP, the auditors of the 131; and
- (b) Ovadia Kriheli & Co, the auditors of ZC.

To the knowledge of management of 131 and ZC, as of the date hereof, no expert, nor any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of 131 or ZC.

#### **ITEM 29 - OTHER MATERIAL FACTS**

To management's knowledge, there are no other material facts relating to the Transaction that are not otherwise disclosed in this Listing Application or are necessary for the Listing Application to contain full, true and plain disclosure of all material facts relating to the Transaction.

#### **ITEM 30 - ADDITIONAL INFORMATION – MINING OR OIL AND GAS APPLICANTS**

N/A

#### **ITEM 31 - EXEMPTIONS**

The common shares of the Company that are issued to ZC Shareholders upon the Completion of the Transaction are exempt from the registration and prospectus requirements pursuant to s.2.11(b) of NI 45-106 *Prospectus and Registration Exemptions*.

#### **ITEM 32 – FINANCIAL STATEMENTS**

This Listing Application contains: (i) the unaudited (reviewed) interim financial statements for the Company for nine-months period ended April 30, 2024; (ii) the audited financial statement for the Company for the year ended July 31, 2023 and for the period from incorporation (August 31, 2021) to July 31, 2022, (iii) the unaudited (reviewed) interim financial statement for ZC for the six months period ended June 30, 2024; and (iv) the audited financial statements of ZC for the year ended December 31, 2023 (collectively, the “**Financial Statements**”), all prepared in accordance with IFRS. The financial year end of the Resulting Issuer is proposed to be December 31.

131's financial statements for the financial year ended July 31, 2023 and nine-months period ended April 30, 2024 are included in Schedule “A1” and “A2” respectively to this Listing Application.

ZC's financial statements for the six-months period ended June 30, 2024 and financial year ended December 31, 2023, are included as Schedules "B1" and "B2" to this Listing Application.

The Unaudited Pro Forma Statement of Financial Position of the Company as at June 30, 2024 included as Schedule "C"

### **ITEM 33 – SIGNIFICANT ACQUISITIONS**

Other than the Transaction, neither ZC nor the Company has not completed any significant acquisition or disposition for which pro-forma financial statements would be required.

**ITEM 34 - CERTIFICATE OF THE COMPANY**

*Date: November 14, 2024*

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Application and of any material fact not otherwise required to be disclosed under an item of this Application.

*/s/ "Eli Ben-Haroosh"*

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**ELI BEN-HAROOSH**  
CEO and Director

*/s/ "Sophya Galper-Komet"*

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**SOPHYA GALPER-KOMET**  
CFO

**ON BEHALF OF THE BOARD OF DIRECTORS**

*/s/ "Asher Holzer"*

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Asher Holzer  
Director

*/s/ "Orit Berger"*

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Orit Berger  
Director

**CERTIFICATE OF SPONSOR**

N/A

**ACKNOWLEDGMENT PERSONAL INFORMATION**

“Personal Information” means any information about an identifiable individual.

Zero Candida Technologies Inc. hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the TSXV of the Personal Information contained in or submitted pursuant to this Listing Application for the purposes described in Schedule “G” to this Listing Application.

*/s/ “Eli Ben-Haroosh”*

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**ELI BEN-HAROOSH**

CEO and Director

SCHEDULE "A-1"

**1319743 B.C. Ltd.**

Annual Financial Statements

(Expressed in Canadian Dollars)

For the year ended July 31, 2023 and for the  
period from incorporation (August 13, 2021) to  
July 31, 2022

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of 1319743 B.C. Ltd.**

### **Opinion**

We have audited the financial statements of 1319743 B.C. Ltd. (the “Company”), which comprise the statement of financial position as at July 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders equity and cash flows for the year ended July 31, 2023 and the period from incorporation (August 13, 2021) to July 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2023 and 2022, and its financial performance and its cash flows for the year ended July 31, 2023 and the period from incorporation (August 13, 2021) to July 31, 2022 in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Opinion**

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

### **Other Information**

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is George G. Lovrics.

Toronto, Ontario  
November 28, 2023

*Stern & Lovrics LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**1319743 B.C. LTD.**Statements of Financial Position  
(Expressed in Canadian dollars)

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As at		July 31, 2023	July 31, 2022
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		4,146	9,191
<b>TOTAL ASSETS</b>		<b>4,146</b>	<b>9,191</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current Liabilities</b>			
Accrued liabilities		18,465	19,639
Loans payable	5	7,148	-
<b>TOTAL LIABILITIES</b>		<b>25,613</b>	<b>19,639</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	6	35,576	35,576
Deficit		(57,043)	(46,024)
<b>Total Shareholders' Equity (Deficiency)</b>		<b>(21,467)</b>	<b>(10,448)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,146</b>	<b>9,191</b>

Nature of operations and going concern (Note 1)

Approved on Behalf of the Board on November 28, 2023:

"Binyomin Posen"  
Binyomin Posen – CEO/Director

"Cole Duthie"  
Cole Duthie - Director

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

**1319743 B.C. LTD.**Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

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	Year ended July 31, 2023	For the period from Incorporation (August 13, 2021) to July 31, 2022
Professional fees	\$ 9,000	\$ 9,223
Legal expenses	2,019	31,288
Filing expenses	-	5,513
	<b>\$ (11,019)</b>	<b>\$ (46,024)</b>
Net loss and comprehensive loss for the period	<b>\$ (11,019)</b>	<b>\$ (46,024)</b>
Weighted average number of shares outstanding		
- Basic and diluted	36	27
Basic and diluted loss per share	\$ (306)	\$ (1,704)

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

**1319743 B.C. LTD.**Statements of Changes in Shareholders Equity  
(Expressed in Canadian dollars)

	<u>Share Capital</u>		Deficit	<u>Total Shareholders'</u>
	Number	Amount		Equity
<b>Balance, August 12, 2021</b>	-	\$ -	\$ -	\$ -
Shares issued during the period (Note 5)	36	35,576	-	35,576
Loss for the period	-	-	(46,024)	(46,024)
<b>Balance, July 31, 2022</b>	36	\$ 35,576	\$ (46,024)	\$ (10,448)
<b>Balance, July 31, 2022</b>	36	\$ 35,576	(46,024)	(10,448)
Loss for the year	-	-	(11,019)	(11,019)
<b>Balance, July 31, 2023</b>	36	\$ 35,576	\$ (57,043)	\$ (21,467)

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

**1319743 B.C. LTD.**

## Statements of Cash flows

(Expressed in Canadian dollars)

	Year ended July 31, 2023	For the period from incorporation (August 13, 2021) to July 31, 2022
	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net loss for the period	(11,019)	(46,024)
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	(1,174)	19,639
Loans payable	7,148	
<b>Cash flows used in operating activities</b>	<b>(5,045)</b>	<b>(26,385)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common shares issued	-	35,576
<b>Net Cash from financing activities</b>	<b>-</b>	<b>35,576</b>
Change in cash during the period	(5,045)	9,191
Cash, beginning of period	9,191	-
<b>Cash, end of period</b>	<b>4,146</b>	<b>9,191</b>

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

## 1319743 B.C. LTD.

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

1319743 BC Ltd. (the "**Company**" or "**743**") was incorporated under the British Columbia Business Corporations Act on August 13, 2021. The head office is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 and records and registered office is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8.

On October 21, 2021, Rio Verde Industries Inc. ("**Rio Verde**") 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.

The Plan of Arrangement closed on October 20, 2021.

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 "**Spincos**") Each of the Spincos 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.

The Company is investigating and evaluating business opportunities to either acquire or in which to participate.

**1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)**1. NATURE OF OPERATIONS AND GOING CONCERN (continued)**

On January 21, 2022, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$30,576 through the issuance of 26 common shares in the capital of the Company (the "Common Shares") at a price of \$1,176 per share.

These 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. These conditions raise material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern. At July 31, 2023, the Company had no sources of revenue and had an accumulated deficit of \$57,043 (July 31, 2022 - \$46,024). At July 31, 2023, the Company had cash of \$4,146 (July 31, 2022 - \$9,191) and working capital deficit of \$21,467 (July 31, 2022 - \$10,448). These conditions raise material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern.

Continuing business as a going concern is dependent upon the ability of the Company to obtain additional debt or equity financing, both of which are uncertain. These material uncertainties may cast significant doubt on 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. Such adjustments could be material.

**2. BASIS OF PRESENTATION****Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include international accounting standards and interpretations ("IFRIC") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a historical cost basis, except for cash which is classified at fair value through profit and loss. In addition, these financial statements are presented in Canadian dollars, which is also the Company's functional currency.

These financial statements for the year ended July 31, 2023 was authorized by the Board of Directors for issuance on November 28, 2023.

**1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

The preparation of financial statements in conformity 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 revenues and expenses during the year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Significant Judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- a. Deferred income taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

Significant Estimates

- a. Going concern

Management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to meet its commitments.

**Cash**

Cash is comprised of cash on hand and in Trust accounts with lawyers.

**1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Loss per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reported period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

**Financial instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

The measurement of the Company's financial instruments is disclosed in Note 8 to these financial statements. Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

**Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

**1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company's accounting policy for each of the categories is as follows:

**Financial assets at FVTPL:** Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of (loss) income in the period.

**Financial assets at FVTOCI:** Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss) in which they arise.

**Financial assets at amortized cost:** A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

**Impairment of financial assets at amortized cost:** The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

The following table shows the classification of the Company's financial instruments:

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**Financial asset Classification**

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Cash	Amortized cost
Loans payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

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**Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

## **1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets and liabilities that affect neither accounting nor taxable loss to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

#### **IFRS pronouncements not yet implemented**

Certain new IFRS standards and interpretations have been issued but are not shown as they are not expected to have a material impact on the Company's financial statements.

### **4. 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 year ended July 31, 2023 and for the period from incorporation (August 12, 2021) to July 31, 2022. Although Shimcity and 265 are not related parties, they hold significant influence through their share ownership.

**1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)**5. LOANS PAYABLE**

Loans payable bear no interest, are due on demand and have no stated terms of repayment.

**6. SHARE CAPITAL****(a) Authorized**

Unlimited number of common and preferred shares without par value.

**(b) Issued and outstanding**

As at July 31, 2023, the Company had the following common shares issued and outstanding.

	Number of Shares	Amount (\$)
Shares issued – August 12, 2021	-	-
Shares issued – October 20, 2021 <sup>1</sup>	10	5,000
Shares issued – January 21, 2022 <sup>2</sup>	26	30,576
<b>Balance, July 31, 2022 and July 31, 2023</b>	<b>36</b>	<b>35,576</b>

- (1) Pursuant to the terms of the Plan of Arrangement effective on October 20, 2021 each of the Rio Verde Shares was exchanged for one New Common Share and seven new classes of Reorganization Shares. The Reorganization Shares were then transferred by the shareholders of Rio Verde, including the Acquirors, to each of the Spinco's in exchange for common shares of the Spinco's on a 1:1 basis. In addition, each of the Spinco's received \$5,000 in working capital from Rio Verde.
- (2) On January 21, 2022, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$30,576 through the issuance of 26 common shares (post consolidation shares) in the capital of the Company at a price of \$1,176 per share.

On January 27, 2022 the Company completed a share consolidation (the "Consolidation") of its common shares by exchanging one (1) new post-Consolidation Share for every three million two hundred sixty-seven thousand nine hundred and seventy-three (3,267,973) pre-Consolidation Shares as authorized by a resolution passed by the board of directors of the Company effective January 27, 2022 in accordance to the Company's Articles of Incorporation.

**1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)

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**6. BASIC AND DILUTED LOSS PER SHARE**

The calculation of basic and diluted loss per share for the year ended July 31, 2023 was based on the loss attributable to common shareholders of \$11,019 for the year ended July 31, 2023.

**7. MANAGEMENT OF CAPITAL**

Capital is comprised of the Company's shareholders' equity (deficiency) and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers its capital to be shareholders deficiency, comprising common shares and deficit which at July 31, 2023 totalled a deficiency of \$21,467 (July 31, 2022 - \$10,448). As at July 31, 2023, the Company is not subject to any externally imposed capital requirements.

**8. FINANCIAL INSTRUMENTS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**Market Risk**

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

**i. Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at July 31, 2023, the Company is not exposed to currency risk.

**1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)

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**8. FINANCIAL INSTRUMENTS (continued)**

**ii. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

**iii. Price rate risk**

The Company is exposed to price rate risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Given the Company's limited market exposure at this time it has assessed there to be a low level of price rate risk.

**Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At July 31, 2023, the Company has limited sources of revenue and has a cash balance of \$4,146 (July 31, 2022 - \$9,191) to settle current liabilities of \$25,613 (July 31, 2022 - \$19,639). As such, the Company has insufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year.

Until such time as the Company's investments increase in value or begin generating significant dividend income, the Company will remain dependent upon the financial support of its shareholders and debt holders or the sale of investments. If the Company is unable to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

**1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)**8. FINANCIAL INSTRUMENTS (continued)**

Additionally, the Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

Consequently, the Company is exposed to liquidity risk as at July 31, 2023.

**Fair Value Risk**

When participating in investment activities, the Company may incur losses if it is unable to resell the securities it has purchased or if it is forced to liquidate its holdings at less than their respective carrying values. All of the Company's investments are carried on a FVTPL basis and are recorded at their fair value. As such, changes in fair value affect earnings as they occur.

The fair value of cash at July 31, 2023 approximates their carrying values due to their short term to maturity.

**9. INCOME TAXES**

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rate of 26.5% (2022-26.5%):

	<b>2023</b>	2022
Net loss before income taxes	(11,019)	(46,024)
Expected income tax recovery at statutory rates	2,920	12,196
Change in unrecognized deferred tax assets	(2,920)	(12,196)
<b>Income tax expense (recovery)</b>	<b>-</b>	<b>-</b>

Significant components of the Company's deferred tax assets not recognized are shown below:

	<b>2023</b>	2022
Non capital losses carried forward	57,043	46,024
<b>Total</b>	<b>57,043</b>	<b>46,024</b>

**1319743 B.C. LTD.**

Notes to the Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022  
(Expressed in Canadian dollars)

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**9. INCOME TAXES (continued)**

Deferred tax assets have not been recognized in respect of the non-capital losses carried forward as it is not probable that future taxable profit will be available against which the Company can use the benefits.

These losses which may reduce taxable income in future years, expire as follows.

2042	46,024
2043	11,019
<b>Total</b>	<b>57,043</b>

SCHEDULE "A-2"

**1319743 B.C. Ltd.**

Condensed Interim Financial Statements

(Unaudited)

(Expressed in Canadian Dollars)

For the three and nine months ended April 30,  
2024 and April 30, 2023

**1319743 B.C. LTD.**

## Condensed Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

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As at		April 30, 2024	July 31, 2023
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		4,146	4,146
<b>TOTAL ASSETS</b>		<b>4,146</b>	<b>4,146</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current Liabilities</b>			
Accrued liabilities		16,604	18,465
Loans payable		7,148	7,148
<b>TOTAL LIABILITIES</b>		<b>23,752</b>	<b>25,613</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	4	35,576	35,576
Deficit		(55,182)	(57,043)
<b>Total Shareholders' Equity (Deficiency)</b>		<b>(19,606)</b>	<b>(21,467)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,146</b>	<b>4,146</b>

Nature of operations and going concern (Note 1)

Approved on Behalf of the Board on June 26, 2024:

"Binyomin Posen"

Binyomin Posen – CEO/Director

"Cole Duthie"

Cole Duthie - Director

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

**1319743 B.C. LTD.**

## Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars)

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	Three months ended April 30, 2024	Three months ended April 30, 2023	Nine months ended April 30, 2024	Nine months ended April 30, 2023
Professional fees	\$ 500	\$ 750	\$ 2,000	\$ 2,250
Recovery of expenses	(8,134)	-	(3,861)	5,130
	<b>\$ (7,634)</b>	<b>\$ 750</b>	<b>\$ (1,861)</b>	<b>\$ 7,380</b>
Net loss and comprehensive loss for the period	<b>\$ 7,634</b>	<b>\$ (750)</b>	<b>\$ 1,861</b>	<b>\$ (7,380)</b>
Weighted average number of shares outstanding				
- Basic and diluted	36	36	36	36
Basic and diluted loss per share	\$ 212	\$ (21)	\$ 52	\$ (205)

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

**1319743 B.C. LTD.**

## Condensed Interim Statements of Changes in Shareholders Equity

(Unaudited)

(Expressed in Canadian dollars)

	<u>Share Capital</u>		Deficit	<u>Total Shareholders'</u>
	Number	Amount		Equity
Balance, July 31, 2022	36	\$ 35,576	\$ (46,024)	\$ (10,448)
Loss for the period	-	-	(7,380)	(7,380)
Balance, April 30, 2023	36	\$ 35,576	\$ (53,404)	\$ (17,828)
<b>Balance, July 31, 2023</b>	<b>36</b>	<b>\$ 35,576</b>	<b>(57,043)</b>	<b>\$ (21,467)</b>
<b>Gain (Loss) for the period</b>	<b>-</b>	<b>-</b>	<b>1,861</b>	<b>1,861</b>
<b>Balance, April 30, 2024</b>	<b>36</b>	<b>\$ 35,576</b>	<b>\$ (55,182)</b>	<b>\$ (19,606)</b>

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

**1319743 B.C. LTD.**

## Condensed Interim Statements of Cash flows

(Unaudited)

(Expressed in Canadian dollars)

	Nine months ended April 30, 2024	Nine months ended April 30, 2023
	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net Gain (loss) for the period	1,861	(7,380)
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	(1,861)	3,351
Loans payable	-	7,148
<b>Cash flows used in operating activities</b>	-	3,119
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common shares issued	-	-
<b>Net Cash from financing activities</b>	-	-
Change in cash during the period	-	3,119
Cash, beginning of period	4,146	9,191
<b>Cash, end of period</b>	4,146	12,310

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

## 1319743 B.C. LTD.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

1319743 BC Ltd. (the "**Company**" or "**743**") was incorporated under the British Columbia Business Corporations Act on August 13, 2021. The head office is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 and records and registered office is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8.

On October 21, 2021, Rio Verde Industries Inc. ("**Rio Verde**") 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.

The Plan of Arrangement closed on October 20, 2021.

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 "**Spincos**") Each of the Spincos 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.

The Company is investigating and evaluating business opportunities to either acquire or in which to participate.

**1319743 B.C. LTD.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN (continued)**

On January 21, 2022, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$30,576 through the issuance of 26 common shares in the capital of the Company (the "Common Shares") at a price of \$1,176 per share.

These condensed interim financial statements have been prepared in accordance with IFRS (as defined below) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. At April 30, 2024, the Company had no sources of revenue and had an accumulated deficit of \$55,182 (July 31, 2023 - \$57,043). At April 30, 2024, the Company had cash of \$4,146 (July 31, 2023 - \$4,146) and working capital deficit of \$19,606 (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.

Continuing business as a going concern is dependent upon the ability of the Company to obtain additional debt or equity financing, both of which are uncertain. These material uncertainties may cast significant doubt on 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. Such adjustments could be material.

**2. BASIS OF PRESENTATION****Statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of June 26, 2024, the date the Board of Directors approved the statements.

The condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

**1319743 B.C. LTD.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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**3. MATERIAL ACCOUNTING POLICIES**

These condensed interim financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

The preparation of financial statements in conformity 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 revenues and expenses during the year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Significant Judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- a. Deferred income taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

Significant Estimates

- a. Going concern

Management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to meet its commitments.

**Cash**

Cash is comprised of cash on hand and demand deposits.

**1319743 B.C. LTD.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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**3. MATERIAL ACCOUNTING POLICIES (continued)****Loss per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reported period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

**Financial instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

The measurement of the Company's financial instruments is disclosed in Note 8 to these financial statements. Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

**Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

**1319743 B.C. LTD.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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**3. MATERIAL ACCOUNTING POLICIES (continued)**

The Company's accounting policy for each of the categories is as follows:

**Financial assets at FVTPL:** Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of (loss) income in the period.

**Financial assets at FVTOCI:** Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss) in which they arise.

**Financial assets at amortized cost:** A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

**Impairment of financial assets at amortized cost:** The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

The following table shows the classification of the Company's financial instruments:

**Financial asset Classification**

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

**Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

## 1319743 B.C. LTD.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets and liabilities that affect neither accounting nor taxable loss to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

#### IFRS pronouncements not yet implemented

Certain new IFRS standards and interpretations have been issued but are not shown as they are not expected to have a material impact on the Company's financial statements.

### 4. 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 period ended April 30, 2024 and for the period ended October 31, 2022. Although Shimcity and 265 are not related parties, they hold significant influence through their share ownership.

**1319743 B.C. LTD.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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**5. SHARE CAPITAL****(a) Authorized**

Unlimited number of common and preferred shares without par value.

**(b) Issued and outstanding**

As at April 30, 2024, the Company had the following common shares issued and outstanding.

	<b>Number of Shares</b>	<b>Amount (\$)</b>
Shares issued – August 12, 2021	-	-
Shares issued – October 20, 2021 <sup>1</sup>	10	5,000
Shares issued – January 21, 2022 <sup>2</sup>	26	30,576
<b>Balance, July 31, 2023 and April 30, 2024</b>	<b>36</b>	<b>35,576</b>

**5. SHARE CAPITAL (continued)**

- (1) Pursuant to the terms of the Plan of Arrangement effective on October 20, 2021 each of the Rio Verde Shares was exchanged for one New Common Share and seven new classes of Reorganization Shares. The Reorganization Shares were then transferred by the shareholders of Rio Verde, including the Acquirors, to each of the Spinco's in exchange for common shares of the Spinco's on a 1:1 basis. In addition, each of the Spinco's received \$5,000 in working capital from Rio Verde.
- (2) On January 21, 2022, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$30,576 through the issuance of 26 common shares (post consolidation shares) in the capital of the Company at a price of \$1,176 per share.

On January 27, 2022 the Company completed a share consolidation (the "Consolidation") of its common shares by exchanging one (1) new post-Consolidation Share for every three million two hundred sixty-seven thousand nine hundred and seventy-three (3,267,973) pre-Consolidation Shares as authorized by a resolution passed by the board of directors of the Company effective January 27, 2022 in accordance to the Company's Articles of Incorporation.

**6. BASIC AND DILUTED LOSS PER SHARE**

The calculation of basic and diluted gain per share for the period ended April 30, 2024 was based on the gain attributable to common shareholders of \$1,861 for the nine months ended April 30, 2024.

**1319743 B.C. LTD.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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**7. MANAGEMENT OF CAPITAL**

Capital is comprised of the Company's shareholders' equity (deficiency) and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers its capital to be shareholders deficiency, comprising common shares and deficit which at April 30, 2024 totalled a deficiency of \$19,606 (July 31, 2023 - \$21,467). As at April 30, 2024, the Company is not subject to any externally imposed capital requirements.

**8. FINANCIAL INSTRUMENTS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**Market Risk**

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

**i. Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at April 30, 2024, the Company is not exposed to currency risk.

**1319743 B.C. LTD.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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**8. FINANCIAL INSTRUMENTS (continued)****ii. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

**iii. Price rate risk**

The Company is exposed to price rate risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Given the Company's limited market exposure at this time it has assessed there to be a low level of price rate risk.

**Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At April 30, 2024, the Company has limited sources of revenue and has a cash balance of \$4,146 (July 31, 2023 - \$4,146) to settle current liabilities of \$23,752 (July 31, 2023 - \$25,613). As such, the Company has insufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year.

Until such time as the Company's investments increase in value or begin generating significant dividend income, the Company will remain dependent upon the financial support of its shareholders and debt holders or the sale of investments. If the Company is unable to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

**1319743 B.C. LTD.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended April 30, 2024 and April 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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**8. FINANCIAL INSTRUMENTS (continued)**

Additionally, the Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

Consequently, the Company is exposed to liquidity risk as at April 30, 2024.

**Fair Value Risk**

When participating in investment activities, the Company may incur losses if it is unable to resell the securities it has purchased or if it is forced to liquidate its holdings at less than their respective carrying values. All of the Company's investments are carried on a FVTPL basis and are recorded at their fair value. As such, changes in fair value affect earnings as they occur.

The fair value of cash at April 30, 2024 approximates their carrying values due to their short term to maturity.

SCHEDULE "B-1"

**ZERO CANDIDA LTD.**

**FINANCIAL STATEMENTS**

**June 30, 2024**

**(UNAUDITED)**

**CAD IN THOUSANDS**

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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 June 30,</u> <b>2 0 2 4</b> <small>(Unaudited)</small>	<u>As of December 31,</u> <b>2 0 2 3</b> <small>(Audited)</small>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	280	174
Bank deposits	2,011	1,465
Other accounts receivable	47	54
<b>Total current assets</b>	<b>2,338</b>	<b>1,693</b>
<b>Non-current assets</b>		
Right for use of leased assets	31	35
<b>Total non-current assets</b>	<b>31</b>	<b>35</b>
<b>Total assets</b>	<b>2,369</b>	<b>1,728</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable	4	2
Other accounts payable	508	390
Current maturities of lease liabilities	10	8
<b>Total current liabilities</b>	<b>522</b>	<b>400</b>
<b>Non-current liabilities</b>		
Lease liabilities	21	27
<b>Total liabilities</b>	<b>543</b>	<b>427</b>
<b>Shareholders' Equity</b>		
Share capital	1	-*
Share premium	4,959	2,295
Share-based payments	1,687	3,155
Foreign currency translation adjustments	287	44
Accumulated deficit	(5,108)	(4,193)
<b>Total equity</b>	<b>1,826</b>	<b>1,301</b>
<b>Total equity and liabilities</b>	<b>2,369</b>	<b>1,728</b>

\* Represent amount less than CAD 1

/s/ "Eli Ben-Haroosh"

**Eli Ben Harosh**  
Chief Executive Officer and  
Director

  
**Sophie Galper Komet**  
Chief Financial Officer

September 8, 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**

	<b>For the period of six months ended June 30,</b>		<b>For the period of three months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Revenues	-	-	-	-
Cost of revenue	-	-	-	-
<b>Gross profit (loss)</b>	-	-	-	-
Research and development expenses	*(596)	*(1,269)	*(186)	*(582)
General and administrative expenses	*(318)	*(138)	*(166)	*(73)
<b>Net operating loss</b>	<b>(914)</b>	<b>(1,407)</b>	<b>(352)</b>	<b>(655)</b>
Finance expense	(1)	**_	(1)	**_
Finance income	**_	**_	**_	**_
<b>Loss</b>	<b>(915)</b>	<b>(1,407)</b>	<b>(353)</b>	<b>(655)</b>
<b>Other comprehensive loss:</b>				
Amounts that will not be reclassified subsequently to profit or loss:				
Foreign currencies translation adjustments	(287)	(40)	(232)	(29)
Total other comprehensive loss	(287)	(40)	(232)	(29)
<b>Total comprehensive loss</b>	<b>(1,202)</b>	<b>(1,447)</b>	<b>(585)</b>	<b>(684)</b>
<b>Loss per share attributable to ordinary shareholders of the Company:</b>				
Basic and diluted loss per share	<u>(0.0006)</u>	<u>(0.0013)</u>	<u>(0.0002)</u>	<u>(0.0006)</u>

\* Reclassified, see Note 2C

\*\* Represent amount less than CAD 1

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

**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)	* -	<b>2,295</b>	<b>3,155</b>	<b>44</b>	<b>(4,193)</b>	<b>1,301</b>
Issuance of shares	* -	2,664	(1,785)	-	-	879
Share-based payments	-	-	317	-	-	317
Loss for the period	-	-	-	-	(915)	(915)
Other comprehensive income	-	-	-	244	-	244
Balance as of June 30, 2024 (Unaudited)	<u>* -</u>	<u><b>4,959</b></u>	<u><b>1,687</b></u>	<u><b>288</b></u>	<u><b>(5,108)</b></u>	<u><b>1,826</b></u>
Balance as of January 1, 2023 (Audited)	* -	<b>37</b>	<b>1,386</b>	<b>2</b>	<b>(1,680)</b>	<b>(255)</b>
Issuance of shares	* -	1,247	-	-	-	1,247
Share-based payments	-	-	1,017	-	-	1,017
Loss for the period	-	-	-	-	(1,407)	(1,407)
Other comprehensive loss	-	-	-	39	-	39
Balance as of June 30, 2023 (Unaudited)	<u>* -</u>	<u><b>1,284</b></u>	<u><b>2,404</b></u>	<u><b>40</b></u>	<u><b>(3,087)</b></u>	<u><b>641</b></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**

	<b>For the period of six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<u>Cash flows from operating activities</u>		
Loss	(915)	(1,407)
<b>Adjustments required for presenting cash flows from operating activities (Appendix A)</b>	<b>439</b>	<b>1,093</b>
Net cash used in operating activities	<b>(476)</b>	<b>(314)</b>
<u>Cash flows from investing activities</u>		
Long term deposits	(551)	-
Net cash used in investing activities	<b>(551)</b>	-
<u>Cash flows from financing activities</u>		
Shares issuance and premium on shares	1,132	1,325
Repayment of lease	4	-
Net cash provided by financing activities	<b>1,136</b>	<b>1,325</b>
Net decrease in cash and cash equivalents	<b>109</b>	<b>1,011</b>
Exchange rate differences on balances of cash and cash equivalents	(3)	(61)
Cash and cash equivalents at the beginning of period/year	<b>174</b>	<b>6</b>
Cash and cash equivalents at the end of period/year	<b>280</b>	<b>956</b>

**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**

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

	<b>For the period of six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Significant non-cash transactions:</b>		
Depreciation	(5)	-
Share-based payments	317	1,017
<b>Changes in operating assets and liabilities:</b>		
Increase in accounts payable	6	(24)
Increase (decrease) in other accounts receivable	121	100
	<u><b>439</b></u>	<u><b>1,093</b></u>

## ZERO CANDIDA LTD.

### NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 30, 2023 (UNAUDITED)

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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 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 SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 30, 2023 (UNAUDITED)**

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**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 SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 30, 2023 (UNAUDITED) CAD in thousands (except for number of shares and share price)

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#### 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 476 and CAD 314 during the six months ended on June 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.

As of June 30, 2024, the Company's balance of cash and cash equivalents and bank deposits in total amount of CAD 2,291.

## **ZERO CANDIDA LTD.**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 30, 2023 (UNAUDITED)**

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

#### **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.

##### **C. Immaterial classification of comparative data**

In August 2024, the Company discovered an error in the accounting classification of other expenses allocated to research and development expenses. The Company examined the materiality of the reclassification of other expenses to general and administrative expenses, with respect to the financial statements as of December 31, 2023 and the year then ended and as of June 30, 2024 and 2023 and for the three and the six months periods ended on these dates; and concluded, after examining quantitative and qualitative parameters, that the aforesaid reclassification does not affect the Company's statements of financial position, retained losses and shareholders' equity and has no effect on the process of economic decision making and/or of analyzing the aforesaid financial statements by the users of the financial statements.

**ZERO CANDIDA LTD.**

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 30, 2023 (UNAUDITED)**  
**CAD in thousands (except for number of shares and share price)**

**Note 2 - Basis of presentation (Continued)**

**C. Immaterial classification of comparative data (continued)**

**The effect of the reclassification on the statement of profit or loss and comprehensive income**

	<b>For the period of six months ended June 30, 2024</b>		
	<b>As presented in the past</b>	<b>Effect of the correction</b>	<b>As presented in these financial statements</b>
Research and development expenses	(551)	(45)	(596)
General and administrative expenses	(363)	45	(318)
Loss for the year	<b>(914)</b>	<b>-</b>	<b>(914)</b>

	<b>For the period of six months ended June 30, 2023</b>		
	<b>As presented in the past</b>	<b>Effect of the correction</b>	<b>As presented in these financial statements</b>
Research and development expenses	(1,224)	(45)	(1,269)
General and administrative expenses	(183)	45	(138)
Loss for the year	<b>(1,407)</b>	<b>-</b>	<b>(1,407)</b>

## ZERO CANDIDA LTD.

### NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 30, 2023 (UNAUDITED) CAD in thousands (except for number of shares and share price)

#### Note 2 - Basis of presentation (Continued)

##### C. Immaterial classification of comparative data (continued)

	<u>For the period of three months ended June 30, 2024</u>		
	<u>As presented in the past</u>	<u>Effect of the correction</u>	<u>As presented in these financial statements</u>
Research and development expenses	(164)	(22)	(186)
General and administrative expenses	(188)	22	(166)
Loss for the year	<u>(352)</u>	<u>-</u>	<u>(352)</u>

	<u>For the period of three months ended June 30, 2023</u>		
	<u>As presented in the past</u>	<u>Effect of the correction</u>	<u>As presented in these financial statements</u>
Research and development expenses	(560)	(22)	(582)
General and administrative expenses	(94)	22	(73)
Loss for the year	<u>(655)</u>	<u>-</u>	<u>(655)</u>

#### 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:

ZERO CANDIDA LTD.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 30, 2023 (UNAUDITED)  
CAD in thousands (except for number of shares and share price)

Note 3 - Material accounting policies (Continued)

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>
<b>Amendment to IAS 1,</b> <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>The Amendment, together with the subsequent amendment to IAS 1 (see hereunder) replaces certain requirements for classifying liabilities as current or non-current.</p> <p>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 SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 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**

<b><u>Standard</u></b>	<b><u>Disclosure</u></b>	<b><u>Effective date and transition</u></b>	<b><u>Effects</u></b>
<b>IFRS 18,</b> <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. 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 SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 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 SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 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:

	As of June 30, 2024		As of June 30, 2023	
	Authorized	Issued and paid up	Authorized	Issued and paid up
<b>Ordinary Shares</b>	10,000,000	1,698,944	10,000,000	1,120,924

- 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 six months ended June 30, 2024, 79,799 warrants and 119,204 stock options issued by the Company have been exercised into 199,003 ordinary shares of the Company upon a payment of their exercise price, net of direct issuance costs, of CAD 879 (2,370 NIS thousands).
- 6) Subsequent to the date of the statement of financial position, 27,497 warrants issued by the Company has been exercised into 27,497 ordinary shares of the Company upon a payment of the exercise price under the warrants in the amount of CAD 162 (436 NIS thousands).
- 7) 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 SIX MONTHS ENDED JUNE 30, 2024 AND JUNE 30, 2023 (UNAUDITED)**

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**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%.

SCHEDULE "B-2

**ZERO CANDIDA LTD.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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## **Report on the audit of the financial statements**

### **Opinion**

We have audited the financial statements of Zero Candida LTD (hereafter: the “Company”), which comprise the statements of financial position as of 31 December 2023 and 2022 and the statements of comprehensive income, statements of changes in shareholders’ capital and statements of cash flows for the two years ended on 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies. The Company was incorporated and commenced its operations on January 3, 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2023 and 2022, and its financial performance and comprehensive income, changes in shareholders’ capital its cash flows for the two years ended on 31 December 2023 in accordance with International Financial Reporting Standards (IFRS).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	Description of Key Audit Matter and why a matter of most significance in the in the audit	Description of Auditor`s Response
Going Concern	<p>Since inception the Company has incurred continuous losses from its business operations and has generated negative cash flows from operating activities of CAD 2,517 thousand and CAD 1,680 thousand during 2023 and 2022, respectively.</p> <p>During 2023 the Company has recorded losses of CAD 2,513 thousand.</p> <p>The Company has so far financed its research and development operations mainly through equity resulting from capital raising.</p> <p>As of December 31, 2023, the Company`s balance of cash and cash equivalents and bank deposits in total amount CAD 1,639.</p> <p>The Company is expected to further generate losses from research and development operations which will be expressed in negative cash flows from operating activities.</p> <p>As address in Note 1E, the Company`s Board of Directors and Management of the Company designed a business plan for 12 months of operations from the date of the financial position, and review the Company's forecast of operating results, cash flow projections and potential liquidity risks.</p> <p>Based the results of this review, the Company Board of Director and Management concluded that the Company have sufficient resources for the continuation of its activities and to meet its obligation in the foreseeable future.</p>	<p>To conclude on the appropriateness of Management`s use of the going concern basis in preparation of the financial statements, and in order to conclude whether a material uncertainty exists related to events or conditions that may cast significant doubts on the Company's ability to continue as a going concern, and the appropriateness of the Company financial position disclosure, we performed substantive and analytical audit procedures, which included among other:</p> <ol style="list-style-type: none"> <li>(1) Review and evaluate Management forecasts, examining their reasonableness Management plans and key assumption, obtaining substantive evidence and examining whether the forecasts are adequate and sufficient for Company to continue operations beyond a period of at least 12 months from the date of approval of the financial statements.</li> <li>(2) Confirming the existence, legality and enforceability of arrangements to provide or maintain financial support.</li> <li>(3) Performing audit procedures regarding subsequent events to identify those that either mitigate or otherwise affect the entity`s ability to continue as a going concern.</li> <li>(4) Examine the adequacy of the disclosure in the financial statements regarding the Company's financial position.</li> </ol>
Stock based payments	<p>The Company use stock-based payment with respect of services rendered by employees, directors and service providers.</p> <p>Fair value measurement of the share-based payment, involve in certain estimates and industry economic parameters appropriate to the Company`s operations to and</p>	<p>To conclude on the appropriateness of measurement and disclosure made in the financial statements for share-based payments, we performed audit procedures which included among other:</p> <ol style="list-style-type: none"> <li>(1) Review the Company`s stock option plan and granting documents of stock options under this plan.</li> </ol>

	<p>accordingly may affect the financial position of the Company.</p>	<p>(2) Examine the calculation made for fair value of the options, including the parameters imputed in the pricing model.</p> <p>(3) Assess the amortization method for compensation based upon the vesting provisions in the granting documents</p> <p>(4) Examine the adequacy of the disclosure in the financial statements regarding the Company's financial position.</p>
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### **Other information included in the Company's 2023 Annual Report**

Other information consists of the information included in the Company's 2023 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### **Responsibilities of Management and the Board of Directors for the financial statements.**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern as basis of accounting, unless Management and the Board of Directors either intend to liquidate the Company or to cease its operations, or has no realistic alternatives, but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements.**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management.
- (4) Conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the year ended 31 December 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so, would reasonably be expected to outweigh the public interest benefits of such communication.

### **Material uncertainties**

- (1) As discussed in Note 1D, 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, among others: the knowledge and technology it has with comparison to its competitors, compliance with 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 research and development 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.

- (2) As discussed in Note 1E to the financial statements, the Company's financial position and results of operations and its 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.

Since inception, the Company has incurred continuous losses from its research and development operations and has generated negative cash flows from operating activities. The Company has so far financed its research and development operations mainly through 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 or 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.

These factors raise significant doubts regarding the Company's ability to continue as a going concern.

The Company's Board of Director and Management concluded that the Company have sufficient resources for the continuation of its activities and to meet its obligation in the foreseeable future.

The financial statements do not include adjustments regarding the values of the assets and liabilities and their classification that may be necessary should the Company is not able to continue operating as a going concern.

  
Ovadia Kriheli & Co.  
Certified Public Accountants (Isr)

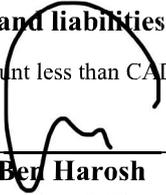
September 8, 2024

**ZERO CANDIDA LTD.  
STATEMENTS OF FINANCIAL POSITION**

CAD in thousands

	Note	As of December 31,	
		2023	2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	174	6
Bank Deposits	7	1,465	-
Other accounts receivable	5	54	8
<b>Total current assets</b>		<b>1,693</b>	<b>14</b>
<b>Non-current assets</b>			
Right for use of leased assets		35	-
<b>Total non-current assets</b>		<b>35</b>	<b>-</b>
<b>Total assets</b>		<b>1,728</b>	<b>14</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable		2	1
Other accounts payable	8	390	268
Current maturities of lease liabilities		8	-
<b>Total current liabilities</b>		<b>400</b>	<b>269</b>
<b>Non-current liabilities</b>			
Lease liabilities		27	-
<b>Total non-current liabilities</b>		<b>27</b>	<b>-</b>
<b>Total liabilities</b>		<b>427</b>	<b>269</b>
<b>Shareholders' Equity</b>			
Share capital	9	*-	*-
Share premium		2,295	37
Reserve for share-based payment transactions		3,155	1,386
Foreign currency translation adjustments		44	2
Accumulated deficit		(4,193)	(1,680)
<b>Total equity</b>		<b>1,301</b>	<b>(255)</b>
<b>Total equity and liabilities</b>		<b>1,728</b>	<b>14</b>

\* Represent amount less than CAD 1

  
Eli Ben Harosh  
Chief Executive Officer and  
Director

  
Sophie Galper Komet  
Chief Financial Officer

September 8, 2024  
Date of approval of the  
financial statements

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

**ZERO CANDIDA LTD.**  
**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**CAD in thousands**

		<b>For the year ended December 31,</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
Revenues		-	-
Cost of revenue		-	-
		-	-
<b>Gross profit</b>			
Research and development expenses	10	*(1,868)	*(1,466)
General and administrative expenses	11	*(649)	*(214)
<b>Net Operating loss</b>		<b>(2,517)</b>	<b>(1,680)</b>
Finance expense		**-	-
Finance income		4	-
<b>Loss</b>		<b>(2,513)</b>	<b>(1,680)</b>
<b>Other comprehensive loss:</b>			
Amounts that will not be reclassified subsequently to profit or loss:			
Foreign currencies translation adjustments		(44)	(2)
Total other comprehensive loss		(44)	(2)
<b>Total comprehensive loss</b>		<b>(2,557)</b>	<b>(1,682)</b>
<b>Loss per share attributable to ordinary shareholders of the Company:</b>			
Basic and Diluted loss per share	13	<b>(0.002)</b>	<b>(0.002)</b>

\* Reclassified, see Note 3K

\*\* Represent amount less than CAD 1

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

**ZERO CANDIDA LTD.**  
**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, 2022	-	-	-	-	-	-
Issuance of shares	*-	37	-	-	-	37
Share-based payments	-	-	1,386	-	-	1,386
Loss for the year	-	-	-	-	(1,680)	(1,680)
Other comprehensive loss	-	-	-	2	-	2
Balance as of December 31, 2022	<u>*-</u>	<u>37</u>	<u>1,386</u>	<u>2</u>	<u>(1,680)</u>	<u>(255)</u>
Issuance of shares	-	2,258	-	-	-	2,258
Share-based payments	-	-	1,769	-	-	1,769
Loss for the year	-	-	-	-	(2,513)	(2,513)
Other comprehensive loss	-	-	-	42	-	42
Balance as of December 31, 2023	<u>*-</u>	<u>2,295</u>	<u>3,155</u>	<u>44</u>	<u>(4,193)</u>	<u>1,301</u>

\* Represent amount less than CAD 1

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

**ZERO CANDIDA LTD.**  
**STATEMENTS OF CASH FLOWS**

**CAD in thousands**

	For the year ended December 31,	
	2023	2022
<u>Cash flows from operating activities</u>		
Loss	(2,513)	(1,680)
Adjustments required for presenting Cash flows and cash equivalents from operating activities (Appendix A):	1,844	1,647
Net cash used to operating activities	<u>(669)</u>	<u>(33)</u>
<u>Cash flows from investing activities</u>		
Long term deposits	(1,465)	-
Net cash used in investing activities	<u>(1,465)</u>	<u>-</u>
<u>Cash flows from financing activities</u>		
Shares issuance and premium on shares	2,258	37
Repayment of lease	2	-
Net cash provided by financing activities	<u>2,260</u>	<u>37</u>
Net increase/(decrease) in cash and cash equivalents	126	4
Exchange rate differences on balances of cash and cash equivalents	42	2
Cash and cash equivalents at the beginning of year	6	-
Cash and cash equivalents at the end of year	<u>174</u>	<u>6</u>

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

	For the year ended December 31,	
	2023	2022
<b>Significant non-cash transactions:</b>		
Depreciation	(1)	-
Share-based payments	1,768	1,386
<b>Changes in operating assets and liabilities:</b>		
Increase in accounts payable	123	269
Increase in other accounts receivable	(46)	(8)
	<u>1,844</u>	<u>1,647</u>

## **ZERO CANDIDA LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

#### **Note 1 - General**

##### **A. General description of the Company and its operations**

Zero Candida Ltd. ("Zero Candida", the "Company") was incorporated as a privately held company registered in Israel Company No. 516520657 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 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**

Zero Candida 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

**ZERO CANDIDA LTD.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 1 – General (Continued)**

**A. General description of the Company and its operations (Continued)**

**Reverse mergers (Continued)**

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.

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 Ziro 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 Registered 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.

**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, among others: the knowledge and technology it has with comparison to its competitors, compliance with 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

**ZERO CANDIDA LTD.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 1 – General (Continued)**

**D. Disclosure of certain risks and uncertainties (Continued)**

and development goals and plan 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**

Zero Candida has incurred continuous losses from its research and development operations and has generated negative cash flows from operating activities of CAD 650 and CAD 31 during 2023 and 2022, respectively.

The Company has so far financed its operations mainly through 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.

As of December 31, 2023, the Company's balance of cash and cash equivalents and bank deposits in total amount of CAD 1,639.

**ZERO CANDIDA LTD.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 2 – Basis of presentation**

**A. Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements were authorized for issuance by the Company’s Board of Directors on September 8, 2024.

**B. Use of estimates and judgments**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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.

The preparation of accounting estimates used in the preparation of the Company’s financial statements requires that management of the Company makes assumptions regarding circumstances and events that involve considerable uncertainty. Company Management prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following table:

<u>Estimate</u>	<u>Principal assumptions</u>	<u>Possible effects</u>	<u>Reference</u>
Recoverability of development costs	The criteria for recognizing development project costs as intangible assets have met.	Amortization of the development costs in profit or loss	Development costs have been expensed as incurred, see Note 10.
Fair value of share-based payments	The fair value of share-based payments is determined upon initial recognition by an acceptable option pricing model.	The inputs to the model include share price, exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield,	See Note 14 regarding share based payments.

**C. Classification of expenses recognized in the statement of income**

The classification of expenses recognized in the statement of income is based on the nature of the expense. This method of classification is appropriate for understanding the business of the Company, which provides a wide range of services.

**Note 2 – Basis of presentation (Continued)**

**D. Determination of fair value**

When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly

Level 3: inputs that are not based on observable market data.

**E. Historical cost basis**

The financial statements have been prepared on a historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial

statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2.

**F. Reporting currency**

The financial statements of the Company are presented in CAD", which is the Company's reporting currency, and all values are rounded to the nearest thousands, except when otherwise indicated.

**G. Operating cycle**

The operating cycle of the Company is one year. Thus, current assets and current liabilities include items the realization of which is intended and anticipated to take place within one year.

**H. Foreign currency transactions**

Functional currencies

The New Israel Shekel ("NIS") is the currency of the primary economic environment in which the operations of the Company (Functional Currency"). The translation from Functional Currency to reporting currency is performed as follow: (1) all assets and liabilities were translated using the closing exchange rate as of the balance sheet date; (2) equity items were translated using historical exchange rates; (3) items of comprehensive income/loss, unless this is not practicable to assess the cumulative effect of the rates prevailing on the transaction dates; were translated at the average exchange of each reported yea ; and (4) the resulting translation differences have been reported as foreign currencies translation adjustments within other comprehensive income/loss.

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

**Note 2 – Basis of presentation (Continued)**

**H. Foreign currency transactions (Continued)**

differences have been reported as foreign currencies translation adjustments within other comprehensive income/loss.

Transactions, assets and liabilities in foreign currency

Transactions denominated in foreign currencies are initially recognized functional currency at the exchange rate at the date of the transaction. Following the initial recognition, monetary assets and liabilities denominated in foreign currency are remeasured to the functional currency at the exchange rate of each reporting date. Exchange rate differences are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currency and measured at cost are measured at the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are measured into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

**Note 3 - Material Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Company except when otherwise indicated.

**A. Cash and cash equivalents**

Cash and cash equivalents include cash balances available for immediate use and call deposits. Cash equivalents are considered as highly liquid investments, including unrestricted highly liquid investments and short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty, and which form part of the Company's cash management. Short-term highly liquid investments (with original maturities of three months or less) consist of readily convertible into known amounts of cash and are exposed to insignificant risks of change in value.

**B. Share based payments transactions**

Share-based payment transactions of the Company equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 14.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

**ZERO CANDIDA LTD.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 3 - Material Accounting Policies**

**C. Earnings (Loss) per share**

Earnings per share are calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the period. The Company's share of earnings of investees is included based on the earnings per share of the investees multiplied by the number of shares held by the Company.

If the number of Ordinary Shares outstanding increases as a result of a capitalization, bonus issue, or share split, the calculation of earnings per share for all periods presented are adjusted retrospectively.

Potential Ordinary shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share.

**D. Intangible assets**

Research and development expenditures are recognized in profit or loss when incurred. Costs incurred in an internal development project are recognized as an intangible asset only if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the ability to measure reliably the expenditures attributable to the intangible asset during its development. These assets are measured at cost less any accumulated amortization and any accumulated impairment losses. Amortization of the asset begins when development is completed, and the asset is available for use.

For all the reporting periods, the above criteria have not been met and therefore all development costs have been recognized as an expense in profit or loss.

**E. Financial instruments**

**(1) Financial assets**

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Company classifies and measures debt instruments in the financial statements based on the following criteria:

- The Company's business model for managing financial assets; and
- The contractual cash flow terms of the financial asset.

Debt instruments are measured at amortized cost when:

The Company's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.

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

**Note 3 - Material Accounting Policies (Continued)**

**F. Financial instruments (Continued)**

(2) Impairment of financial assets

The Company evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss. The Company distinguishes between two types of loss allowances:

- a) Debt instruments whose credit risk has not increased significantly since initial recognition, or whose credit risk is low - the loss allowance recognized in respect of this debt instrument is measured at an amount equal to the expected credit losses within 12 months from the reporting date (12-month ECLs); or
- b) Debt instruments whose credit risk has increased significantly since initial recognition, and whose credit risk is not low - the loss allowance recognized is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime ECLs).

An impairment loss on debt instruments measured at amortized cost is recognized in profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

The Company has short-term financial assets such as trade receivables in respect of which the Company applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses.

Derecognition of financial assets:

A financial asset is derecognized only when:

- The contractual rights to the cash flows from the financial asset has expired; or
- The Company has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- The Company has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

(3) Financial liabilities

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, the Company measures all financial liabilities at amortized cost.

(4) Derecognition of financial liabilities

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

**ZERO CANDIDA LTD.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 3 - Material Accounting Policies (Continued)**

**F. Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

**Onerous contracts**

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

**G. Retirement and termination costs**

In accordance with the Israeli labor laws and labor agreements in force, the Company is required to pay severance benefits to employees who are terminated or resign from their employment under certain circumstances. Employees of the Company in Israel are subject to Section 14 of the Severance Pay Law, 1963, based on which the ongoing deposits of the Company in pension funds and/or insurance policies exempt it from any additional liability to the employees for which the amounts are deposited as stated above. Severance pay of employees of the Company who are not residents of Israel are calculated on the basis of the duration of the term of their employment at the Company and generally based on the last monthly salary, based on one monthly salary for each year of employment.

Payments made by the Company under the provision of Section 14 of the Severance Pay Law is considered payments to defined contribution retirement benefit plans and are recognized as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the

Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

All of the Company's employees have subscribed to Section 14 of the Severance Pay Law.

Payments in accordance with Section 14 release the Company from any future severance liabilities in respect of those employees. Neither severance pay liabilities nor severance pay funds under Article 14 for such employees are recorded in the Company's balance sheet.

**Note 3 - Material Accounting Policies (Continued)**

**H. Short-term and other long-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

**I. Taxes**

Unrecognized deferred tax assets are reassessed by Management at each reporting date and are recognized to the extent that is probable that future taxable profits will allow the deferred income tax asset to be recovered.

As of December 31, 2023, Management believed that the deferred tax assets is not likely to be realizable in the foreseeable future and therefore has provided a valuation allowance against the deferred tax asset.

**J. New and revised standards and interpretations not yet adopted**

Amendments to International Accounting Standard 1 Presentation of financial statements, on the subject of classifying liabilities as current or non-current liabilities and on the subject of non-current liabilities with financial standards (below in this section - the amendments to IAS 1)

The amendments to IAS 1 clarify the guidelines regarding the classification of liabilities as current or non-current in the statement of financial position. The amendments clarify, among other things, that:

- A liability will be classified as a non-current liability if the entity has a substantial right, at the end of the reporting period, to postpone the settlement of the liability for at least 12 months after the end of the reporting period.
- The right to postpone settlement of an obligation in respect of a loan agreement for at least 12 months after the end of the reporting period is sometimes subject to the entity's compliance with the conditions stipulated in the loan agreement (hereinafter - financial standards). The classification of an obligation in respect of such a loan agreement as a current obligation or as a non-current obligation will be determined only on the basis of the financial standards which the entity is required to meet on or before the end of the reporting period. Financial benchmarks that the entity is required to meet after the end of the reporting period will not be taken into account in this determination.

**Note 3 - Material Accounting Policies (Continued)**

**New and revised standards and interpretations not yet adopted**

- To the extent that an obligation in respect of a loan agreement for which the entity is required to meet financial standards during the 12 months after the end of the reporting period is classified as a non-current obligation, a disclosure will be made in the notes that allows users of the financial statements to understand the risk that the obligation may meet repayment during the 12 months after the end of the reporting period. In this rule, a disclosure will be made regarding the nature of the conditions the entity is required to meet, the date of their examination, the book value of the related liabilities as well as facts and circumstances indicating that the entity may have difficulty meeting these conditions. This disclosure may refer to certain actions taken by the entity in order to prevent a potential violation of the terms as well as the fact that the entity is not complying with the terms based on the circumstances existing at the end of the reporting period.
- The entity's intention regarding the exercise of an existing right to postpone the settlement of the obligation for at least 12 months after the end of the reporting period is not relevant for the purpose of classifying the obligation.
- Settlement of an obligation can be done by way of transfer of cash, other economic resources or capital instruments of the entity. Classification of an obligation as a current obligation or as a non-current obligation will not be affected by the existing right of the other party to demand the settlement of the obligation by transferring capital instruments of the entity, if this right has been classified by the entity as part of the capital.

The amendments to IAS 1 will be applied by the Company retrospectively for annual periods beginning on or after January 1, 2024. The adoption of the amendments to IAS 1 is not expected to have a material impact on the Company's statements.

**ZERO CANDIDA LTD.****NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023****CAD in thousands (except for number of shares and share price)**

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**Note 3 - Material Accounting Policies (Continued)****New and revised standards and interpretations not yet adopted (Continued)**

<u>Standard</u>	<u>Disclosure</u>	<u>Effective date and transition</u>	<u>Effects</u>
<b>IFRS 18,</b> <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 THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 3 - Material Accounting Policies (Continued)****K. Immaterial classification of comparative data**

In August 2024, an error in the accounting classification of other expenses allocated to research and development expenses. The Company examined the materiality of the reclassification of other expenses to general and administrative expenses, with respect to the financial statements as of December 31, 2023 and 2022 and for the years ended on these dates, and concluded, after examining quantitative and qualitative parameters, that the aforesaid reclassification does not affect the Company's statements of financial position, retained losses and shareholders' equity and has no effect on the process of economic decision making and/or of analyzing the aforesaid financial statements by the users of the financial statements.

**The effect of the reclassification on the statement of profit or loss and comprehensive income:**

	<b>For the year ended December 31, 2023</b>		
	<b>As presented in the past</b>	<b>Effect of the correction</b>	<b>As presented in these financial statements</b>
Research and development expenses	(2,053)	185	(1,868)
General and administrative expenses	(464)	(185)	(649)
Loss for the year	<b>(2,513)</b>	<b>-</b>	<b>(2,513)</b>

	<b>For the year ended December 31, 2022</b>		
	<b>As presented in the past</b>	<b>Effect of the correction</b>	<b>As presented in these financial statements</b>
Research and development expenses	(1,425)	(41)	(1,466)
General and administrative expenses	(255)	41	(214)
Loss for the year	<b>(1,680)</b>	<b>-</b>	<b>(1,680)</b>

**ZERO CANDIDA LTD.****NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023****CAD in thousands (except for number of shares and share price)****Note 4 - Cash and cash equivalents**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Consist of:</b>		
Cash in banks	174	6
<b>Total</b>	<b>174</b>	<b>6</b>

**Note 5 – Other accounts receivable**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Consist of:</b>		
Government institute	20	-
Prepaid expenses	5	2
Related parties	29	-
Other	-	6
<b>Total</b>	<b>54</b>	<b>8</b>

**Note 6 - Lease commitments**

- On November 15, 2023, the Company and related company owned by the Company's shareholders entered into a 24-month lease agreement for a laboratory site in Israel, with the following terms:
  - For each month of the first year of lease – CAD 0.8 (2,250 NIS).
  - For each month of the second year of lease – CAD 0.8 (2,306 NIS).

The Company has an option to extend the lease period by 24 months. the calculation of the lease obligation assuming that the option shall be exercised.

On April, 2024 the Company entered into a 12 month lease agreement for its offices, where by the monthly lease payment is CAS 3,200 (8,700 NIS).

Amounts recognized in profit and loss:

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Depreciation expense on right-of-use assets	1	-
Interest expense on lease liabilities	*-	-

\* Represent amount less than CAD 1

**ZERO CANDIDA LTD.****NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 7 – Bank Deposits**

	<u>Interest</u>	<u>Period</u>	<u>December 31,</u>	
			<u>2023</u>	<u>2022</u>
<b>Consist of:</b>				
Bank deposit 1	4.5%	8 months	1,095	-
Bank deposit 2	5%	one year	370	-
<b>Total</b>			<b>1,465</b>	<b>-</b>

**Note 8 - Other accounts payable**

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
<b>Consist of:</b>		
Employees for salaries and related social benefits	17	-
Related parties	370	267
Other	3	1
<b>Total</b>	<b>390</b>	<b>268</b>

**Note 9 - Shareholder's equity**

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

	<u>31.12.2023</u>		<u>31.12.2022</u>	
	<u>Authorized</u>	<u>Issued and paid up</u>	<u>Authorized</u>	<u>Issued and paid up</u>
	<u>Number of Ordinary Shares</u>			
<b>Ordinary Shares</b>	<u>10,000,000</u>	<u>1,499,941</u>	<u>10,000,000</u>	<u>1,005,506</u>

- (1) The Company's Ordinary Share provide 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).

**ZERO CANDIDA LTD.****NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 10 - Research and development expenses**

	For the year ended December 31,	
	2023	2022
<b>Consist of:</b>		
Payroll	99	-
Professional fees	*12	*4
Material Consumed	*46	-
Related parties	*91	*90
Share-based payment expenses	1,620	1,372
<b>Total</b>	<b>1,868</b>	<b>1,466</b>

\* Reclassified, see Note 3 K

**Note 11 – General and administrative expenses**

	For the year ended December 31,	
	2023	2022
<b>Consist of:</b>		
Payroll	8	-
Share-based payment	148	14
Professional fees	*33	*19
Marketing and advertising	*282	*29
Related parties	*139	*150
Other expense	*39	*2
<b>Total</b>	<b>649</b>	<b>214</b>

\* Reclassified, see Note 3 K

**Note 12 - Taxes on income****A. Tax rate**

Israeli corporate tax rate applicable to the taxable income of 23% at all reported years.

**B. Tax assessment**

The Company have not been assessed for tax purposes considered to be final, since their incorporation.

**C. Losses carry forward**

As of December 31, 2023, the Company has accumulated net CAD 2,517 operating losses carryforwards to be utilized against taxable income in the future for an indefinite period.

With respect of deferred taxes, see Note 3 I.

**ZERO CANDIDA LTD.****NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023****CAD in thousands (except for number of shares and share price)****Note 13 – Earnings per share**

Details of the number of Ordinary Shares and loss attributable to the Company's shareholders used in the computation of loss per share:

<b>Year ended December 31,</b>			
<b>2023</b>		<b>2022</b>	
<b>Weighted number of shares</b>	<b>Loss attributable to equity holders of the Company</b>	<b>Weighted number of shares</b>	<b>Loss attributable to equity holders of the Company</b>
<u>1,449,941</u>	<u>(2,489)</u>	<u>1,005,506</u>	<u>(1,680)</u>

Diluted net loss per Ordinary Share, does not include the effect of exercisable of stock options granted under share-based payment plans since their exercise is non-dilutive and will potentially decrease the loss per Ordinary Share.

**Note 14 – Management of capital**

Capital is comprised of the Company's shareholders' equity (deficiency). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The total shareholders' equity at December 31, 2023 is CAD 1,301 (deficit of - CAD 252 at December 31, 2022). As of December 31, 2023, the Company is not subject to any externally imposed capital requirements. See also Notes 1D and 1E.

**Note 15 - Share based payments**

On June 2022, the Company's Board of Directors approved a share option plan (the "2022 ESOP") to grant certain employees and service providers of the Company options to purchase 1,502,322 Ordinary shares of the Company, at nominal value of 0.001 NIS par value.

The plan is intended to grant employees, directors, of the Company with options to purchase ordinary shares of the Company, in accordance with the provisions of section 102 of the Israeli Income Tax Ordinance.

**ZERO CANDIDA LTD.****NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023****CAD in thousands (except for number of shares and share price)****Note 15 - Share based payments (Continued.)**

The plan also allows granting options to service providers and shares not in accordance with the provisions of section 102 of the Israeli Income Tax Ordinance, in compliance with section 3 (I) of the Israeli Income Tax Ordinance.

With respect of options granted to employees and Directors (that hold less than 10% of the outstanding shares of the Company). the Company has elected to grant options under Section 102 (b) (2) as a capital gains track options, according to which, the option and the exercisable shares under the options are block with a statutory trust for 24 months, and employees will be subject to 25% tax deduction on the benefits arising from execution of options and the Company will not be allowed to claim as an expense for tax purposes the amounts credited for employees as benefits and the capital gains thereof.

As of July 2022, the Company granted in total 145,500 share options to employees and service providers with total fair value of the CAD 3,917 The share options that granted in 2022 vest monthly over 2 years.

On February 2023, July 2023 and September 2023, the Company granted in total 110,938 share options to employees and service providers with total fair value of the CAD 2,702. The share options that granted in 2023 include mainly service condition and vest over various period.

Following is a summary of the status of the stock options plan as of December 31, 2023 and 2022, and the changes during the years ended on these dates:

	<b>Year ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Number</b>	<b>Weighted average exercise price</b>	<b>Number</b>	<b>Weighted average exercise price</b>
Options outstanding at beginning of year	145,500	0.0037	-	-
Changes during the year:				
Granted	100,938	0.0037-	145,500	0.0037
Exercised	-	-	-	-
Forfeited	-	-	-	-
Options outstanding at end of year	<u>246,438</u>	<u>0.077</u>	<u>145,500</u>	<u>0.0037</u>
Options exercisable at year-end	<u>131,546</u>	<u>0.003</u>	<u>30,310</u>	<u>0.0037</u>

In March 2024, subsequent to the date of the statement of financial position, the Company granted 24,822 stock options to employees and service providers. 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.

**ZERO CANDIDA LTD.****NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023****CAD in thousands (except for number of shares and share price)****Note 15 - Share based payments (Continued)**

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 as follows:

	<b>Year ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Ordinary share fair value (CAD)	15.9	15.9
Risk-free interest rate	3.35%-3.99%	3.05%
Expected life of the options (in years)	4 - 7	4.25
Dividend yield	0%	0%
Volatility	-29.15% 26.42%	28.09%

**Note 16 - Balances and 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.

**A. Balances with related parties:**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Accounts payable	370	267
Accounts receivable	29	-

**B. Transaction with related parties:**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Consulting fees and related expenses – Director and Chief Executive Officer (1)	240	240
Consulting fees and related expenses – Chairmen of the Board of Directors (2)	240	240

(1) 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 1,000 thousand 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.

(2) 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 jus remuneration in the amount of CAD 19.

## **Note 17 – Financial instruments**

### **A Financial Risks**

The Company is at research and development stage and has no income to date; therefore, it is exposed to liquidity risks, considering the required cash flows to finance the research and development activity.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### **Market Risk**

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

- Currency risk  
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments. As at December 31, 2023, the Company is not exposed to currency risk.
- Interest rate risk  
Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.
- Price rate risk  
The Company is exposed to price rate risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Given the Company's limited market exposure at this time it has assessed there to be a low level of price rate risk.

#### **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

### **B. Financial Instruments' Fair Value**

The carrying amount of the Company's financial instruments include: non-derivative assets (cash and cash equivalents, account receivables) and non-derivative liabilities (account payables and other liabilities), which are presented within the working capital is approximates their fair value.

**ZERO CANDIDA LTD.****NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 17 – Financial instruments (Continued)****C. Linkage Terms of Financial Balances**

	<b>December 31, 2023</b>			
	<b>Linked to foreign currency</b>	<b>Linked to consumer price index</b>	<b>Un linked</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and cash equivalent	-	-	174	174
Account receivable (net of prepaid expenses)	-	-	49	49
	<u>-</u>	<u>-</u>	<u>223</u>	<u>223</u>
<b>Current liabilities:</b>				
Suppliers and service providers	-	-	2	2
Other accounts payable and accrued liabilities	-	8	390	398
	<u>-</u>	<u>8</u>	<u>392</u>	<u>400</u>

	<b>December 31, 2022</b>			
	<b>Linked to foreign currency</b>	<b>Linked to consumer price index</b>	<b>Un linked</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and cash equivalent	-	-	6	6
Account receivable (net of prepaid expenses)	-	-	8	8
	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
<b>Current liabilities:</b>				
Account payables	-	-	1	1
Other accounts payable and accrued liabilities	-	-	268	268
	<u>-</u>	<u>-</u>	<u>268</u>	<u>268</u>

**ZERO CANDIDA LTD.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023**

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

**Note 18 – Certain transactions and commitments**

- Shamir Medical Center- the Institutional Animal Care and Use Committee approve a Safety Study of blue light irradiation of the Company's developed device ZC-1 in sheep's vagina and found it acceptable for approval according to the Animal Welfare Law- Experiments in Animals 1994.
- Zero candida is developing an innovative medical device ZC-1 that uses blue-light illumination to intra-vaginally suppress *C. albicans* population. Zero-Candida has already demonstrated in-vitro eradication of 99.999% of *C. albicans* fungi post 3-hour illumination study - POC (Proof of Concept), tested by a certified independent laboratory. Zero-Candida R&D process requires a preclinical study to verify the procedure and safety of the treatment using the ZC-1 device. The objective of the preclinical study is to evaluate the safety of intra-vaginal illumination of large animals by the ZC-1-A device - as an indication for the safety of similar clinical candidiasis treatment.  
The pathology lab has declared the ZC-1-A blue light illumination device as safe.

**Note 19 – Events subsequent to the date of statement of financial position**

Subsequent to the date of statement of financial position, approximately 106,603 warrants have been exercised for total consideration of CAD 717 (1,951 NIS thousand).

SCHEDULE "C"

**1319743 B.C. LTD.**

Pro-Forma Consolidated Financial Statements

**As of April 30, 2024**

(Unaudited – Prepared by Management)

**CAD IN THOUSANDS**

**PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

CAD in thousands

	<b>1319743 B.C. LTD.</b>	<b>Zero Candida Limited</b>	<b>Proforma Adjustments</b>	<b>Pro-forma Consolidated</b>
	As of April 30, 2024	As of June 30, 2024		As of April 30, 2024
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	4	280	-	284
Other accounts receivable	-	2,011	-	2,011
Inventories – finished goods	-	48	-	48
<b>Total current assets</b>	<b>4</b>	<b>2,338</b>	<b>-</b>	<b>2,343</b>
<b>Non-current assets</b>				
Right for use of leased assets	-	31	-	31
<b>Total non-current assets</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>31</b>
<b>Total assets</b>	<b>4</b>	<b>2,369</b>	<b>-</b>	<b>2,373</b>
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Accrued liabilities	17	-	-	17
Loans payable	7	-	-	7
Other accounts payable	-	512	-	512
Current maturities of lease liabilities	-	10	-	10
<b>Total current liabilities</b>	<b>24</b>	<b>522</b>	<b>-</b>	<b>546</b>
<b>Non-current liabilities</b>				
Lease liabilities	-	22	-	22
<b>Total non-current liabilities</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>22</b>
<b>Total liabilities</b>	<b>24</b>	<b>543</b>	<b>-</b>	<b>567</b>
<b>Shareholders' Equity</b>				
Share capital	36	*-	46,942	46,978
Share premium	-	4,959	(5,072)	(113)
Reserve for share-based payment transactions	-	1,687	-	1,687
Foreign currency translation adjustments	-	287	-	287
Accumulated deficit	(56)	(5,108)	(41,869)	(47,033)
<b>Total equity</b>	<b>(20)</b>	<b>1,825</b>	<b>-</b>	<b>1,806</b>
<b>Total equity and liabilities</b>	<b>4</b>	<b>2,369</b>	<b>-</b>	<b>2,373</b>

(\*) Represent amount less than CAD 1

**PRO-FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

CAD in thousands

	<b>1319743 B.C. LTD.</b>	<b>Zero Candida Limited</b>	<b>Proforma Adjustments</b>	<b>Pro-forma Consolidated</b>
	For the 3 Month Period Ended April 30, 2024	For the 3 Month Period Ended June 30, 2024		For the 3 Month Period Ended April 30, 2024
Revenues	-	-	-	-
Cost of revenue	-	-	-	-
<b>Gross profit (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Research and development expenses	-	209	-	209
General and administrative expenses	8	143	-	151
Other expenses (income)	-	-	46,977	46,977
<b>Net Operating profit (loss)</b>	<b>(8)</b>	<b>(352)</b>	<b>(46,977)</b>	<b>(47,337)</b>
Finance expense	-	1	-	1
<b>Profit (loss)</b>	<b>(8)</b>	<b>(353)</b>	<b>(46,977)</b>	<b>(47,338)</b>
<b>Other comprehensive loss:</b>				
<u>Amounts that will not be reclassified subsequently to profit or loss:</u>				
Foreign currencies translation adjustments	-	(232)	-	(232)
Total other comprehensive income (loss)	-	(232)	-	(232)
<b>Total comprehensive loss</b>	<b>(8)</b>	<b>(584)</b>	<b>(46,977)</b>	<b>(47,569)</b>
<b>Loss per share attributable to ordinary shareholders of the Company:</b>				
Basic and diluted loss per share	<b>(0.21)</b>	<b>(0.00)</b>	<b>(0.0036)</b>	<b>(0.0036)</b>

**PRO-FORMA CONSOLIDATED STATEMENTS OF EQUITY**

CAD in thousands

	<u>Number of shares</u>	<u>Share capital</u>
<b>1319743 B.C. LTD.</b>		
Balance as of April 30, 2024	<u>36</u>	<u>36</u>
<b>Zero Candida Limited</b>		
Balance as of June 30, 2024	<u>14,895,215</u>	<u>*-</u>
Elimination of pre-acquisition Zero Candida shares	(14,895,215)	*-
Deemed exercise of special warrants		
Consulting and performance warrants issued		
Shares issued to Zero Candida shareholders	<u>14,895,215</u>	<u>46,977 **</u>
Balance as of April 30, 2024	<u><b>14,895,251</b></u>	<u><b>47,013</b></u>

(\*) Represent amount less than CAD 1

**Note 1 - BASIS OF PRESENTATION**

The unaudited pro-forma consolidated financial statements (the “Pro-Forma statements”) has been prepared by the management for disclosure in the prospectus of 1319743 B.C. LTD. (the “Company”) dated April 30, 2024. On March 1, 2024, the Company signed a Share Exchange Agreement (“SEA”) with Zero Candida Limited (“ZC”), a private limited company incorporated under the laws of Israel. ZC developed a smart tampon-like device, designed to treat Candidiasis, a very common fungal infection. Pursuant to SEA, the Company will acquire all of the issued and outstanding ordinary shares in the capital of ZC by way of a share exchange (the “Transaction”, “Consolidation”), which will result in ZC becoming a 100% wholly-owned subsidiary of the Company. In connection with the Transaction, the Company will apply for the listing of its shares on the Canadian Securities Exchange by filing a listing statement and prospectus. Upon completion of the Transaction, the Company shall issue 13,052,364 common shares, pro rata, to ZC shareholders, which will result in the ZC shareholders holding approximately 99.99% of the Company’s outstanding shares after closing (“Post-consolidation Shares”). An additional 36 common shares of the Company will be held by original 1319743 B.C. shareholders. The closing date of the Transaction is expected to be in September 2024 subject to regulatory and shareholder approvals. The Pro-Forma statements of the Company gives effect to the Transaction as described above. In substance, the Transaction involves the Company obtaining control of ZC. The Pro-Forma statements gives effect to the acquisition of the Company’s outstanding common shares by ZC as a reverse takeover that does not constitute a business for accounting purposes. The Company is deemed to be the acquiring company and its assets, liabilities, equity and historical operating results are included at their historical carrying values. The net assets of ZC will be recorded at fair value as at the Transaction date with any excess recorded as a public company listing expense. All of ZC’s deficit and other equity balances prior to the Transaction are eliminated. These Pro-Forma statements have been compiled in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), using the significant accounting policies on a basis consistent with the Company’s accounting policies. The Pro-Forma statements are not necessarily indicative of the financial position or results of operations which would have resulted if the combination had actually occurred as set out in Note 2.

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 Registered on August 15, 2024.

The Pro-Forma statements has been derived from and should be read in in conjunction with the following

- (i) The unaudited financial statements of the Company as at and for the three months period ended April 30, 2024;
- (ii) The unaudited financial statements of ZC as at and for three months period ended June 30, 2024;
- (iii) The additional information set out in Notes 2 and 3 of the Pro-Forma statements.

The Pro-Forma statements as at April 30, 2024 has been prepared assuming the Transaction as described in Note 2 closed on January 31, 2024. It is management’s opinion that this Pro-Forma statements includes all adjustments necessary for the fair presentation of the Transaction. The Pro-Forma statements are not intended to reflect the financial position or results of operations of the Company, which would have

**Note 1 - BASIS OF PRESENTATION (Continued)**

actually resulted had the Transaction been effected on the dates indicated. Actual amounts recorded upon consummation of the Transaction will differ from those recorded in the Pro-Forma statements and the differences may be material.

**Note 2 - PRO-FORMA TRANSACTIONS**

The Pro-Forma statements were prepared based on the following assumptions:

- The Pro-Forma statements gives effect to the Transaction as if it had occurred on April 30, 2024.
- The Company currently has an aggregate of 36 shares issued and outstanding. As a result of the Transaction, the Company' total shares issued and outstanding will be 13,052,400 on a post-Consolidation basis.
- Pursuant to the Transaction, holders of the issued and outstanding common shares of the ZC ("ZC Shares") will receive 8.6277 of the Company share (as they exist on a post-Consolidation basis) for each ZC Share held (the "Exchange Ratio"). It is anticipated that approximately 13,052,364 new shares of the Company will be issued under the Transaction. Pursuant to the Transaction, all existing securities convertible into ZC's shares shall be exchanged, based on the Exchange Ratio, for similar securities to purchase Post-consolidation Shares on substantially similar terms and conditions.

The pro-forma adjustments and allocations of the estimated consideration transferred are based in part on estimates of the fair value of assets to be acquired and liabilities to be assumed. The final determination of the consideration transferred and the related allocation of the fair value of the Company's net assets to be acquired pursuant to the Transaction will ultimately be determined after the closing of the transactions. It is likely that the final determination of the consideration transferred and the related allocation of the fair value of the assets acquired and liabilities assumed will vary from the amounts present in the Pro-Forma statements and that those differences may be material.

**Note 3 - LOSS PER SHARE**

The estimated loss per share pursuant to the Transaction for the period ended April 30, 2024 is as follows:

	<b>1319743</b>	<b>Zero</b>		
	<b>B.C. LTD.</b>	<b>Candida</b>	<b>Proforma</b>	<b>Pro-forma</b>
	<b>_____</b>	<b>Limited</b>	<b>Adjustments</b>	<b>Consolidated</b>
	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>
Loss and comprehensive loss for the period	(8)	(584)	(46,977)	(47,602)
Weighted average number of common shares outstanding (basic and diluted)	36	1,512,844	11,539,520	13,052,400
Basic and diluted loss per share	(0.21)	(0.0000)		(0.0036)

**Note 4 - Consolidate Capitalization**

	<b>Note</b>	<b>Common Shares #</b>	<b>Shares Amount \$</b>	<b>Accumulated Deficit \$</b>	<b>Total \$</b>
1319743 BC Ltd.					
Balance April 30, 2024	2a	2,000,000	-	(55,182)	(55,182)
1319743 BC Ltd. shares issued					
to Zero Candida	2b	17,533,037	35,066,074	(5,108,042)	29,958,032
Share issue costs		-	(100,000)	-	(100,000)
Estimated additional					
transaction costs	2c	-	(150,000)	-	(150,000)
Balance April 30, 2024		<u>19,533,037</u>	<u>34,816,074</u>	<u>(5,163,224)</u>	<u>29,652,850</u>

Notes to Note 2:

2a. in connection with the Transaction, 1319743 BC Ltd. will complete the share split following which 1319743 BC Ltd. will have a total of 2,000,000 shares issued and outstanding;

2b. To record the acquisition of Zero Candida by the issuance of (i) 17,533,037 common shares at \$2.00 per common share, equating to total consideration paid of \$35,066,074.

2c. to record estimate additional transaction costs of \$200,000.

**Note 5 - Effective Tax**

The effective tax rate is nil, as the companies are loss-making entities and the financial statements do not include deferred taxes due to absence of expected utilization in the foreseeable future.

# SCHEDULE "D"

## AUDIT COMMITTEE CHARTER

### 1. MANDATE

1.1 The primary function of the audit committee (the "Committee") of Zero Candida Technologies Inc. (the "Corporation") is to assist the Board of Directors of the Corporation (the "Board of Directors") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting and the Corporation's auditing, accounting and financial reporting processes. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors (the "Auditor").
- Provide an open avenue of communication among the Corporation's auditors, management and the Board of Directors.

### 2. COMPOSITION, PROCEDURES AND ORGANIZATION

2.1 The Committee shall consist of at least three members (collectively referred to as "Members" and individually referred to as "Member"). Each Member must be a director of the Corporation. A majority of the Members shall not be officers or employees of the Corporation or of an affiliate of the Corporation. At least one (1) member of the Committee shall be financially literate. All Members who are not financially literate will work towards becoming financially literate to obtain working familiarity with basic finance and accounting practices. For the purposes of this Charter, the term "financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

2.2 The Members shall be appointed by the Board of Directors at its first meeting following the annual shareholders' meeting. The responsibilities of a Member shall be in addition to such Member's duties as a director of the Corporation. Unless a chairperson of the Committee (the "Chair") is elected by the full Board of Directors, the Members may designate a Chair by a majority vote of the full Committee membership. The Chair shall be financially literate.

2.3 The Committee shall be accountable to the Board of Directors, and the Board of Directors may at any time remove or replace any Member and may fill any vacancy in the Committee.

### 3. MEETINGS OF THE COMMITTEE

3.1 Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly. Unless all Members are present and waive notice, or those absent waive notice before or after a meeting, the Chair will give the Members 24 hours' advance notice of each meeting and the matters to be discussed at such meeting. Notice may be given personally, by telephone, by facsimile or e-mail.

3.2 The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Corporation's annual financial statements and, if the Committee determines it to be necessary or appropriate, at any other meeting. On request by the Auditor, the Chair

shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board of Directors or the shareholders of the Corporation.

3.3 At each meeting of the Committee, a quorum shall consist of a majority of Members that are not officers or employees of the Corporation or of an affiliate of the Corporation. A Member may participate in a meeting of the Committee in person or by telephone if all Members participating in the meeting, whether in person or by telephone or other communications medium other than telephone are able to communicate with each other and if all Members who wish to participate in the meeting agree to such participation.

3.4 The Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Corporation's financial statements.

3.5 The Committee may invite to its meetings any director, any manager of the Corporation, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. At each meeting, the Chair shall appoint a secretary to keep minutes of the meeting. Minutes of all Committee meetings must be signed by the chair of the meeting or by the chair of the next succeeding meeting.

#### **4. RESPONSIBILITIES AND DUTIES**

4.1 To fulfill its responsibilities and duties, the Committee shall:

- (a) review the annual financial statements of the Corporation and the auditor's report thereon and report to the Board of Directors prior to publishing;
- (b) review the Corporation's financial statements, including any certification, report, opinion, or review rendered by the Auditor, MD&A and any annual and interim earnings press releases before the Corporation publicly discloses such information;
- (c) review and satisfy itself that adequate procedures are in place and review the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assess the adequacy of those procedures;
- (d) be directly responsible for overseeing the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit review services for the Corporation;
- (e) review and refer to appropriate persons concerns or complaints relating to accounting or audit matters and oversee and give direction to such appropriate persons;
- (f) take prompt and appropriate corrective action when and as warranted its judgment in response to a concern or complaint relating to accounting or audit matters;
- (g) require the Auditor to report directly to the Committee;
- (h) review annually the performance of the Auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation;

- (i) review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor;
- (j) take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the Auditor;
- (k) recommend to the Board of Directors the external auditor to be nominated at the annual general meeting for appointment and the Auditor for the ensuing year and the compensation for the Auditors, or, if applicable, the replacement of the Auditor;
- (l) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditors of the Corporation;
- (m) review with management and the Auditor the audit plan for the annual financial statements;
- (n) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services provided by the Auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute not more than 5% of the total amount of fees paid by the Corporation and its subsidiary entities to the Auditor during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more Members to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the pre-approval requirement set forth in this section provided the pre-approval of non-audit services by any Member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval;

- (o) in consultation with the Auditor, review with management the integrity of the Corporation's financial reporting process, both internal and external;
- (p) consider the Auditor's judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
- (q) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the Auditor and management;
- (r) review significant judgments made by management in the preparation of the financial statements and the view of the Auditor as to the appropriateness of such judgments;

- (s) following completion of the annual audit, review separately with management and the Auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of the work or access to required information;
- (t) review any significant disagreement among management and the Auditor in connection with the preparation of the financial statements;
- (u) review with the Auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (v) discuss with the Auditor the Auditor's perception of the Corporation's financial and accounting personnel, any material recommendations which the Auditor may have, the level of co-operation which the Auditor received during the course of their review and the adequacy of their access to records, data or other requested information;
- (w) review with the Auditor their assessment of internal controls, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weakness;
- (x) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (y) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (z) perform such other duties as may be assigned to it by the Board of Directors from time to time or as may be required by applicable regulatory authorities or legislation;
- (aa) report regularly and on a timely basis to the Board of Directors on the matters coming before the Committee; and
- (bb) review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

4.2 In addition to the duties required of the Chair by the Terms of Reference for Committees, the Chair shall determine whether a concern or complaint pertains to accounting matters; and when and / or where possible, acknowledge receipt of the concern or complaint to the submitter. The Chair will also maintain a log of all concerns or complaints, tracking their receipt and treatment and shall prepare a periodic summary report thereof for the Committee.

## **5. OVERSIGHT FUNCTION**

5.1 While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate or are in accordance with IFRS, as applicable, and applicable rules and regulations. These are the responsibilities of management and the external auditors. The Committee, the Chair and any Members of the Committee identified as having accounting or related financial

expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Corporation, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board of Directors in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Corporation's financial information or public disclosure.

## **6. AUTHORITY**

6.1 The Committee is authorized to:

- (a) to seek any information it requires from any employee of the Corporation in order to perform its duties;
- (b) to engage, at the Corporation's expense, independent legal counsel or other professional advisors in any matter within the scope of the role and duties of the Committee under this Charter;
- (c) to set and pay compensation for any advisors engaged by the Committee; and
- (d) to communicate directly with the internal and external auditors of the Corporation.

6.2 This Charter supersedes and replaces all prior charters and other terms of reference pertaining to the Committee.

SCHEDULE "E-1"

**1319743 B.C. LTD.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JULY 31, 2023  
AND FOR THE PERIOD FROM  
INCORPORATION (AUGUST 13, 2021) TO  
JULY 31, 2022**

## **DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION**

The following management's discussion and analysis, prepared as of November 28, 2023 and should be read together with the financial statements and accompanying notes for the year ended July 31, 2023, 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, 2023. 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](http://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 head office is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 and records and registered office is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8.

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.

The Plan of Arrangement closed on October 20, 2021.

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's") Each of the Spinco's 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.

The Company is investigating and evaluating business opportunities to either acquire or in which to participate.

On December 13, 2021, the Company announced the appointment to the board of directors three new directors, being Binyomin Posen, Cole Duthie and Jack Wortzman, and the resignation of two directors, being Shimmy Posen and Grant Duthie. Effective December 8, 2021, Binyomin Posen has been also appointed as Chief Executive Officer and Chief Financial Officer of the Company.

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, 2023, the Company had no sources of revenue and had an accumulated deficit of \$57,043 (July 31, 2022 - \$46,024). At July 31, 2023, the Company had cash of \$4,146 (July 31, 2022 - \$9,191) and working capital deficit of \$21,467 (July 31, 2022 - \$10,448). 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 Interim 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 of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward - looking

**1319743 B.C. LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2023 AND FOR THE PERIOD FROM INCORPORATION (AUGUST 13, 2021)**  
**TO JULY 31, 2022**

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, 2023, operating expenses of \$3,639 were comprised of the following.

- i) Professional fees were \$3,639.

During the three months ended July 31, 2022, operating expenses of \$7,015 were mainly comprised of the following:

- i) Professional fees were \$6,733.
- ii) Filing expenses were \$282.

During the year ended July 31, 2023, operating expenses of \$11,019 were comprised mainly of the following.

- i) Professional fees were \$11,019.

During the period from incorporation (August 13, 2021) to July 31, 2022, operating expenses of \$46,024 were mainly comprised of the following:

- i) Professional fees and legal expenses were \$40,511.
- ii) Filing expenses were \$5,513.

**LIQUIDITY AND CAPITAL RESOURCES**

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

Pursuant to the terms of the Plan of Arrangement effective on October 20, 2021 each of the Rio Verde Shares was exchanged for one New Common Share and seven new classes of Reorganization Shares. The Reorganization Shares were then transferred by the shareholders of Rio Verde, including the Acquirors, to each of the Spinco's in exchange for common shares of the Spinco's on a 1:1 basis. In addition, each of the Spinco's received \$5,000 in working capital from Rio Verde.

On January 21, 2022, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$30,576 through the issuance of 26 common shares in the capital of the Company (the "Common Shares") at a price of \$1,176 per share.

On January 27, 2022 the Company completed a share consolidation (the "Consolidation") of its common shares by exchanging one (1) new post-Consolidation Share for every three million two hundred sixty-seven thousand nine hundred and seventy-three (3,267,973) pre-Consolidation Shares as authorized by a resolution passed by the board of directors of the Company effective January 27, 2022 in accordance to the Company's Articles of Incorporation.

**SELECTED FINANCIAL INFORMATION**

	For the year ended July 31, 2023	For the period from incorporation (August 13, 2021) to July 31, 2022
Revenue	\$ Nil	\$ Nil
Net loss for the year	\$ (11,019)	\$ (46,024)
Net loss per common share, basic and diluted	\$ (306)	\$ (1,704)
Weighted average number of common shares	36	27
<b>Statement of financial position data:</b>		
Working capital (deficiency)	\$ (21,467)	\$ (10,448)
Total assets <sup>1</sup>	\$ 4,146	\$ 9,191

<sup>1</sup> Total asset consist primarily of cash in the Trust account.

## SUMMARY OF QUARTERLY RESULTS

	July 31, 2023	April 30, 2023	Jan 31, 2023	Oct 31, 2022
Total assets	\$ 4,146	\$ 12,310	\$ 7,699	\$ 9,191
Working capital (deficiency)	(21,467)	(17,828)	(17,078)	(16,328)
Shareholders' equity (deficiency)	(21,467)	(17,828)	(17,078)	(16,328)
Revenue	-	-	-	-
Operating expenses	(3,639)	(750)	(750)	(5,880)
Net Gain / (loss)	(3,639)	(750)	(750)	(5,880)
Basic and diluted loss per share	(101)	(21)	(21)	(163)

	July 31, 2022	Apr 30, 2022	Jan 31, 2022	Oct 31, 2021
Total assets	\$ 9,191	\$ 9,474	\$ 28,999	\$ 5,000
Working capital (deficiency)	(10,448)	(3,432)	16,843	2,524
Shareholders' equity (deficiency)	(10,448)	(3,432)	16,843	2,524
Revenue	-	-	-	-
Operating expenses	(7,016)	(20,275)	(16,258)	(2,475)
Net Gain / (loss)	(7,016)	(20,275)	(16,258)	(2,475)
Basic and diluted loss per share	(195)	(563)	(878)	(68)

## FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, accounts payable, loans payable and accrued liabilities. As at July 31, 2023, 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, 2023, the Company had cash balance of \$4,146 (July 31, 2022 - \$9,191) and current liabilities of \$25,613 (July 31, 2022 - \$19,639). 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, 2023, the Company has no interest-bearing term deposits.

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FOR THE YEAR ENDED JULY 31, 2023 AND FOR THE PERIOD FROM INCORPORATION (AUGUST 13, 2021)  
TO JULY 31, 2022**

*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: 36 common shares.
- c) Outstanding stock options: At July 31, 2023, there are no outstanding stock options.
- d) Outstanding warrants: At July 31, 2023, 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 were \$1,787 owed to Shimcity and \$1,787 owed to 265. There were no other related party transactions for the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022. 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**

Please refer to Note 2 of the financial statements for the period ended July 31, 2023 posted on [www.sedarplus.ca](http://www.sedarplus.ca).

**1319743 B.C. LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2023 AND FOR THE PERIOD FROM INCORPORATION (AUGUST 13, 2021)  
TO JULY 31, 2022**

**PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein.

**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](http://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.

SCHEDULE "E-2"

**1319743 B.C. LTD.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS  
ENDED APRIL 30, 2024 AND FOR APRIL  
30, 2023**

## **DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION**

The following management's discussion and analysis, prepared as of June 26, 2024 and should be read together with the unaudited interim financial statements and accompanying notes for the three and nine months ended April 30, 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 April 30, 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.

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### **DESCRIPTION OF BUSINESS**

1319743 B.C. Ltd. (the "Company") was incorporated under the British Columbia Business Corporations Act on August 13, 2021. The head office is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 and records and registered office is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8.

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.

The Plan of Arrangement closed on October 20, 2021.

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's") Each of the Spinco's 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.

**1319743 B.C. LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2024 AND APRIL 30, 2023**

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The Company is investigating and evaluating business opportunities to either acquire or in which to participate.

On December 13, 2021, the Company announced the appointment to the board of directors three new directors, being Binyomin Posen, Cole Duthie and Jack Wortzman, and the resignation of two directors, being Shimmy Posen and Grant Duthie. Effective December 8, 2021, Binyomin Posen has been also appointed as Chief Executive Officer and Chief Financial Officer of the Company.

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 April 30, 2024, the Company had no sources of revenue and had an accumulated deficit of \$55,182 (July 31, 2023 - \$57,043). At April 30, 2024, the Company had cash of \$4,146 (July 31, 2023 - \$4,146) and working capital deficit of \$19,606 (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 Interim MD&A and in certain documents incorporated by reference in this Interim 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 Interim MD&A speak only as of the date of (i) this Interim MD&A or (ii) as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim 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.

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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 of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward - looking

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**FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2024 AND APRIL 30, 2023**

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 April 30, 2024, net gain of \$7,634 were comprised of the following.

- i) Professional fees were \$500.
- ii) Recovery of expenses were \$8,134.

During the three months ended April 30, 2023, operating expenses of \$750 were mainly comprised of the following:

- i) Professional fees were \$750.

During the three and nine months ended April 30, 2024, net gain of \$1,861 were comprised of the following.

- iii) Professional fees were \$2,000.
- iv) Recovery of expenses were \$3,861.

During the three and nine months ended April 30, 2023, operating expenses of \$7,380 were mainly comprised of the following:

- ii) Professional fees were \$2,250.
- iii) Legal expenses were \$5,130.

**LIQUIDITY AND CAPITAL RESOURCES**

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

Pursuant to the terms of the Plan of Arrangement effective on October 20, 2021 each of the Rio Verde Shares was exchanged for one New Common Share and seven new classes of Reorganization Shares. The Reorganization Shares were then transferred by the shareholders of Rio Verde, including the Acquirors, to each of the Spinco's in exchange for common shares of the Spinco's on a 1:1 basis. In addition, each of the Spinco's received \$5,000 in working capital from Rio Verde.

On January 21, 2022, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$30,576 through the issuance of 26 common shares in the capital of the Company (the "Common Shares") at a price of \$1,176 per share.

On January 27, 2022 the Company completed a share consolidation (the "Consolidation") of its common shares by exchanging one (1) new post-Consolidation Share for every three million two hundred sixty-seven thousand nine hundred and seventy-three (3,267,973) pre-Consolidation Shares as authorized by a resolution passed by the board of directors of the Company effective January 27, 2022 in accordance to the Company's Articles of Incorporation.

**SELECTED FINANCIAL INFORMATION**

	For the year ended July 31, 2023	For the period from incorporation (August 13, 2021) to July 31, 2022
Revenue	\$ Nil	\$ Nil
Net loss for the year	\$ (11,019)	\$ (46,024)
Net loss per common share, basic and diluted	\$ (306)	\$ (1,704)
Weighted average number of common shares	36	27
<b>Statement of financial position data:</b>		
Working capital (deficiency)	\$ (21,467)	\$ (10,448)
Total assets <sup>1</sup>	\$ 4,146	\$ 9,191

<sup>1</sup> Total asset consist primarily of cash in the Trust account.

**1319743 B.C. LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2024 AND APRIL 30, 2023**

**SUMMARY OF QUARTERLY RESULTS**

	<b>April 30, 2024</b>	<b>January 31, 2024</b>	<b>October 31, 2023</b>	<b>July 31, 2023</b>
Total assets	\$ 4,146	\$ 4,146	\$ 4,146	\$ 4,146
Working capital (deficiency)	(19,606)	(27,241)	(23,682)	(21,467)
Shareholders' equity (deficiency)	(19,606)	(27,241)	(23,682)	(21,467)
Revenue	-	-	-	-
Operating expenses	7,634	(3,559)	(2,214)	(3,639)
Net Gain / (loss)	7,634	(3,559)	(2,214)	(3,639)
Basic and diluted loss per share	212	(99)	(62)	(101)

	<b>April 30, 2023</b>	<b>January 31, 2023</b>	<b>October 31, 2022</b>	<b>July 31, 2022</b>
Total assets	\$ 12,310	\$ 7,699	\$ 9,191	\$ 9,191
Working capital (deficiency)	(17,828)	(17,078)	(10,448)	(10,448)
Shareholders' equity (deficiency)	(17,828)	(17,078)	(10,448)	(10,448)
Revenue	-	-	-	-
Operating expenses	(750)	(750)	(7,016)	(7,016)
Net Gain / (loss)	(750)	(750)	(7,016)	(7,016)
Basic and diluted loss per share	(21)	(21)	(195)	(195)

**FINANCIAL INSTRUMENTS AND RISK**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. As at April 30, 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 April 30, 2024, the Company had cash balance of \$4,146 (July 31, 2023 - \$4,146) and current liabilities of \$23,752 (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 April 30, 2024, the Company has no interest-bearing term deposits.

*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: 36 common shares.
- c) Outstanding stock options: At April 30, 2024, there are no outstanding stock options.
- d) Outstanding warrants: At April 30, 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 period ended April 30, 2024 and for the period ended January 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**

Please refer to Note 2 of the financial statements for the three and nine months ended April 30, 2024 posted on [www.sedarplus.ca](http://www.sedarplus.ca).

### **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein.

### **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](http://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.

SCHEDULE "F-1"

**ZERO CANDIDA LTD.**

**Management's Discussion and Analysis**

For the 3 and 6 months ended June 30,  
2024

# Zero Candida Ltd.

## Management's Discussion and Analysis

As at June 30, 2024  
(Expressed in thousands of Canadian dollars)

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### 1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations and financial condition of Zero Candida Ltd. for the years ended December 31, 2023. This MD&A is dated September 8, 2024 and should be read in conjunction with the audited annual financial statements and related notes for the year ended December 31, 2023 (the "Annual Financial Statements"). Unless the context indicates otherwise, references to "Zero Candida", "the Company", "we", "us" and "our" in this MD&A refer to Message Notify Ltd. and its operations.

### 2. FORWARD-LOOKING INFORMATION

Certain information included in this MD&A contains forward-looking information within the meaning of applicable securities laws. This information includes, but is not limited to, statements made in *Business Overview and Strategy*, *Results from Operations*, *Debt Profile* and other statements concerning Company's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this MD&A is qualified by the following cautionary statements.

Forward looking information necessarily involves known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond Company's control, affect the operations, performance and results of the Company, and could call actual results to differ materially from current expectations of estimated or anticipated events or results.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable and represent the Company's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Company's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: **Business Overview, Results from Operations, Liquidity and Capital Resources, Capital Structure**. See **Risks and Uncertainties** for further information. The reader is cautioned to consider these factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this MD&A is made as of the date of this MD&A and should not be relied upon as representing Company's views as of any date subsequent to the date of this MD&A. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

# Zero Candida Ltd.

## Management's Discussion and Analysis

As at June 30, 2024  
(Expressed in thousands of Canadian dollars)

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### 3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE

#### (a) Business overview

Zero Candida was incorporated in 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 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 is expected to start by the beginning of 2025.

#### (b) Company Timeline

March 2022

- The company was established in March 2022.

May 2022

- The Company developed its first prototype
- The company started the first Laboratory experiment as a proof of concept (POC).

May 2023

- The company raised 490 thousand USD through accredited private investors.

June 2023

- The company completes crowdfunding of 1.5 million USD.
- The Company signed a letter of intent (LOI) with a company publicly traded and listed in the Canadian stock exchange (TSXV) and is scheduled to be listed in the Canadian stock exchange within a few months.
- The company started the Laboratory Pre-clinical study in animals.

September 2023

- The company completed the Laboratory Pre-clinical study in animals.
- The company developed prototype 1st series + validation.

March 2024

- The company completed the development the design and continued Pre-clinical study in animals

**Zero Candida Ltd.**  
**Management's Discussion and Analysis**  
**As at June 30, 2024**  
*(Expressed in thousands of Canadian dollars)*

**3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)**

(c) Operations

Below is Zero Candida's research, development and trial operational plan for the next 36-48 months:

Research	Methodology	Summary Protocol	Comments
Efficacy / Safety - I	Cell line – vaginal epithelial cells & Candida Albicans	Exposure: different times & wavelengths Conditions mimicking vaginal environments: Dark / Light Moisture, pH, 37°C Evaluation of epithelial viability, temperature and pH with: 1. light exposure 2. Candida exposure Evaluation of both the epithelial cells and the candida influence of light to adjust time and wave-light exposure for optimal results.	Based on a previous study, to prove ability to repeat the results in our lab & hands
Efficacy / Safety II	Cell line – vaginal epithelial cells Animal model – Sheep & Candida Albicans	The same studies in a tube model mimicking vagina and light exposure, throughout a tampon as a basic prototype of the device, while evaluating temperature changes on top of the previously described parameters.	
Efficacy / Safety III	Animal model – sheep Clinical - Women Candida Albicans & Normal and vaginal flora	The same studies in a tubal model as described, evaluating the effect of the light on the normal and valuable vaginal flora	To make sure that the light does not destroy the important normal flora
Proof-of Concept	Computerized Biological Studies	Evaluate and predict reaction to the light exposure, based on computerized biology calculations, regarding the expected behavior of normal vaginal bacteria and different type and amounts of candida.	
Light & Fluconazole		Repeat all the above studies with the combination of light and fluconazole.	

Concurrently with its Research and Proof of Concept Stages, Zero Candida is expected to engage in the pre-clinical animal trials with respect to its current Intellectual Property portfolio. ZERO CANDIDA further expects to pursue Fast Track approval with the FDA as a Class II De Novo device.

# Zero Candida Ltd.

## Management's Discussion and Analysis

As at June 30, 2024  
(Expressed in thousands of Canadian dollars)

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### 3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)

#### (c) Operations (cont'd)

To test the safety of the ZERO CANDIDA Device in healthy subjects, a trial will be initiated in a small pilot study with Candidiasis before moving into larger pivotal populations. Generally, the total number needed to demonstrate safety and effectiveness in a device trial is in the hundreds rather than thousands that are required for drug trials. Typically, the pivotal study would include 150 to 300 patients to test efficacy and identify any adverse effects. The requirement for long-term data is generally met with a Post-Approval Study. Assuming favorable study results, ZERO CANDIDA expects to receive FDA approval to go to market within 36-48 months.

ZERO CANDIDA does not expect any additional financial injections to be needed to conduct independent third party pre-clinical testing. ZERO CANDIDA has assembled an experienced and multi-disciplined team of executives and trained scientists and technicians to achieve its goals.

#### (d) The Company's Business Model

The company's business model intends to work within the framework of both the B2B model and the B2C model. The final product of the company will include a case of the Zero Candida device along with a drug carrier for dressing on the product.

The product will also be available for sale without a doctor's prescription all over the world. In the business plan, the company will first operate in the US and Europe and establish distribution to pharma.

The B2B model

The company plans to hold exhibitions all over the world and cooperate with the community of gynecologists in the world.

The company's first goal is to reveal the technological product for Candida disease diagnostics using a hybrid medicine method, which will allow gynecologists to perform more diagnoses during work, treat more women, and even bring in more money in a short time from the treatment itself.

The B2C model

The company plans to leverage the distribution capacity and resources of existing medical organizations while taking advantage of existing businesses, by obtaining royalties through franchise and distribution agreements.

#### (e) Proprietary Protection

In May of 2023, ZERO CANDIDA was awarded a South African patent (2022/09265) with respect to "Devices and method for prevention and treatment of fungal and bacterial microorganisms". Subsequently, ZERO CANDIDA filed comparable patent applications in Israel, United States of America and Canada. The patent applications claim that "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. bio adhesion towards vaginal tissue could not be successfully evaluated, either in the rotating cylinder test or in the detachment test"

In September 2023 ZERO CANDIDA completed its pre-clinical animal studies and subsequently developed a prototype (1st series) and commenced its validation. ZERO CANDIDA is currently in the process of developing the design of its device and continues pre-clinical animal studies. ZERO CANDIDA expects to pursue "Fast Track" approval with the FDA as a Class II De Novo device.

# Zero Candida Ltd.

## Management's Discussion and Analysis

As at June 30, 2024  
(Expressed in thousands of Canadian dollars)

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### 3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)

In May 2024, ZC received a report with respect to its pre-clinical safety study, that indicated no abnormal findings in gross-pathology and histopathology and identified no safety concerns with respect to ZC blue light illumination device.

(f) Reverse takeover

On March 1, 2024, the Company entered into the Business Combination Agreement with ZC to acquire 100% of the issued and outstanding securities of ZC in exchange for the issuance of securities of the Company.

Immediately prior to completion of the Transaction, the Company took all necessary corporate steps to complete the 131 Share split following which 131 had a total of 2,000,000 131 Shares issued and outstanding. There were 1,573,594 ZC Shares issued and outstanding, as well as 113,747 ZC Options and 153,788 ZC Warrants. All unexercised ZC warrants expired immediately prior to completion of the Transaction.

Pursuant to the terms of the Agreement, each ZC Shareholder, other than a ZC Shareholder who exercised Dissent Rights (as defined in the Israeli Companies Law) received 10.66767ten and sixty six thousand seven hundred sixty seven hundred-thousandths) Common Shares in exchange for each ZC Share held by such ZC Shareholder, resulting in the Company issuing an aggregate of 16,786,585 Resulting Issuer's Shares (which represent approximately 89.35% of the issued and outstanding Common Shares, without taking into consideration any ZC share purchase warrants exercised immediately prior to completion of the Transaction, stock options or the Private Placement). Additionally, the holders of the ZC Options became entitled to receive Common Shares, instead of ZC Shares, on the exercise of their ZC Options. As a result of the Transaction, old shareholders of the Company (as a group) own a total of 2,000,000 Common shares in the capital of the Company and ZC shareholders (as a group) own a total of 18,000,000 common shares of the Company (on a fully diluted basis).

The Transaction is expected to constitute a reverse takeover transaction.

Ms. Galper-Komet, a holder of 50% of the Common Shares of the Company prior to giving effect to the Transaction, is Chief Financial Officer of ZERO CANDIDA and is therefore a Non-Arm's Length Party to the Transaction.

# Zero Candida Ltd.

## Management's Discussion and Analysis

As at June 30, 2024

(Expressed in thousands of Canadian dollars)

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### 3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)

#### (g) Management and key employees

Eli Ben-Haroosh - President, CEO and Director

Mr. Ben-Haroosh is a seasoned executive and prior to joining Zero Candida he served as President of Vonetize PLC, a cannabis cultivation company in Colorado, USA, listed on the Tel-Aviv Stock Exchange. In the previous 7 years served as VP and CEO of Premier – Dead Sea and was responsible for sales in 74 countries and in close to 1,000 points of sale generating tens of millions of dollars a year. MR. Ben-Haroosh currently serves as the director of several companies. and as the president of Mariana Inc. and Zero Candida. He holds a degree in business management from Ben Gurion University of the Negev.

Asher Holzer – Founder and Director

Mr. Holzer has over 30 years' experience in management of both private and public corporations in the medical device and the biotech industry. His expertise covers a wide range of activities including product development, clinical studies, regulatory affairs and marketing. Asher founded several successful bio-tech companies and served as their chairman and president. These included InspireMD (NYSE MKT: NSPR), a medical device company which improves treatment of patients undergoing heart stenting and UroGen Pharma (NASDAQ: URGN) focusing on developing therapies for urological pathologies. Asher was part of the management team of Biosense which was acquired by Johnson & Johnson in 1997 and became the worldwide market leader in developing and marketing products for the diagnosis and treatment of cardiac arrhythmias. He holds a Ph.D. in Applied Physics and a M.Sc. in Material Science from Hebrew University in Jerusalem, Israel. He holds several granted and pending patents, mainly in the fields of interventional cardiology and urology.

Sophya Galper-Komet– CFO and Corporate Secretary

Ms. Galper-Komet is a seasoned executive and currently a funder of Wisdom Star, a boutique consultancy that provides C-level executive corporate services to corporate clients and qualified investors in a wide variety of industries. Prior to that she has served as Chief Operating Officer of a private real estate investment company. With over 20 years of experience working on different angles of capital markets and private equity, her expertise in developing diverse funding solutions to corporate issuers includes initial public offerings, bond offerings, M&A and private equity transactions. Ms. Galper-Komet has served as a director of numerous public companies and financial institutions including a chair of several board committees. Ms. Galper-Komet holds an MBA in Finance and Accounting and a BA in Economics and Psychology from Tel Aviv University.

#### (h) The Board

Eli Ben Haroosh, CEO, Founder, Director

Dr. Asher Holzer, Director, Founder

**Zero Candida Ltd.**  
**Management's Discussion and Analysis**  
**As at June 30, 2024**  
*(Expressed in thousands of Canadian dollars)*

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**3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)**

(i) Certain transactions and commitments

Shamir Medical Center-The institutional animal care and use committee approve a Safety study of blue light irradiation of ZERO CANDIDA (Zero Candida) device in the sheep vagina, and found it acceptable for approval according to the Animal Welfare Law- Experiments in Animals 1994.

Zero Candida is developing an innovative medical device ZERO CANDIDA-1 that uses blue-light illumination to intra-vaginally suppress *C. albicans* population. Zero-Candida has already demonstrated in-vitro eradication of 99.999% of *C. albicans* fungi post 3-hour illumination study - POC (Proof of Concept), tested by a certified independent laboratory. Zero-Candida R&D process requires a preclinical study to verify the procedure and safety of the treatment using the ZERO CANDIDA-1 device. The objective of the preclinical study is to evaluate the safety of intra-vaginal illumination of large animals by the ZERO CANDIDA-1-A device - as an indication for the safety of similar clinical candidiasis treatment.

The pathology lab has declared the ZERO CANDIDA-1-A blue light illumination device as safe.

**Zero Candida Ltd.**  
**Management's Discussion and Analysis**  
**As at June 30, 2024**  
*(Expressed in thousands of Canadian dollars)*

**4. PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES**

(a) Presentation of Financial Information

Unless otherwise specified herein, financial results, including historical comparatives, contained in this MD&A are based on the Company's Annual Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFIRC"). Unless otherwise specified, amounts are in thousands of United States dollars and percentage changes are calculated using whole numbers.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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.

The preparation of accounting estimates used in the preparation of the Company's financial statements requires that management of the Company makes assumptions regarding circumstances and events that involve considerable uncertainty. Company Management prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following table:

Estimate	Principal assumptions	Possible effects	Reference
Recoverability of development costs	The criteria for recognizing development project costs as intangible assets have met.	Amortization of the development costs in profit or loss	Development costs have been expensed as incurred, see Note 10.
Fair value of share-based payments	The fair value of share-based payments is determined upon initial recognition by an acceptable option pricing model.	The inputs to the model include share price, exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield,	See Note 14 regarding share based payments.

Classification of expenses recognized in the statement of income - The classification of expenses recognized in the statement of income is based on the nature of the expense. This method of classification is appropriate for understanding the business of the Company, which provides a wide range of services.

Determination of fair value - When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly

Level 3: inputs that are not based on observable market data.

Historical cost basis

**Zero Candida Ltd.**  
**Management's Discussion and Analysis**  
**As at June 30, 2024**  
(Expressed in thousands of Canadian dollars)

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**4. PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES (CONT'D)**

(a) Presentation of Financial Information

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2.

(b) Non-IFRS Measures

In addition to the reported IFRS measures, industry practice is to evaluate entities giving consideration to certain non-IFRS performance measures, such as earnings before interest, taxes, depreciation and amortization ("EBITDA") or adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA").

These measures are not in accordance with IFRS and have no standardized definitions, and as such, our computations of these non-IFRS measures may not be comparable to measures by other reporting issuers. In addition, Company's method of calculating non-IFRS measures may differ from other reporting issuers, and accordingly, may not be comparable.

*Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")*

EBITDA is used as an alternative to net income because it includes major non-cash items such as interest, taxes and amortization, which management considers non-operating in nature. A reconciliation of EBITDA to IFRS net income is presented under the section **Results from Operations** of this MD&A.

*Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")*

Adjusted EBITDA is used as an alternative to net income because it excludes major non-cash items such as amortization, stock-based compensation, current and deferred income tax expenses and other items management considers non-operating in nature. A reconciliation of adjusted EBITDA to IFRS net income is presented under section **Results from Operations** of this MD&A.

EBITDA and Adjusted EBITDA are measured used by management as inputs in our internal metrics and in evaluating our ability to satisfy the Company's obligations. EBITDA and Adjusted EBITDA are used as alternatives to IFRS net income (loss) because it excludes major non-cash items (including depreciation and amortization, interest, taxes and share-based payments) and other items that management considers non-operating in nature.

Management believes that these measures are helpful to investors because they are widely recognized measures of Company's performance and provides a relevant basis of comparison to other entities. In addition to IFRS results, these measures are also used internally to measure the operating performance of the Company.

**Zero Candida Ltd.**  
**Management's Discussion and Analysis**  
**As at June 30, 2024**  
*(Expressed in thousands of Canadian dollars)*

**4. PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES (CONT'D)**

(c) Adoption of new and revised accounting standards

At the date of authorization of the Company's financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and, in some cases, had not yet been adopted by the relevant accounting body:

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

**5. RESULTS FROM OPERATIONS**

(a) Select annual information

The following table provides selected financial information from the Financial Statements of the Company for the 3 months ended June 30, 2024, and 6 months ended June 30, 2023:

*Profit or loss*

	For the 6-month period ended 30-06-2024	For the 6- month period ended 30-06- 2023	For the 3- month period ended 30-06- 2024	For the 3- month period ended 30-06- 2023
	CAD	CAD		
<b>REVENUES</b>	-	-	-	-
<b>DIRECT COSTS</b>	-	-	-	-
<b>GROSS PROFIT</b>	0	0	0	0
<b>EXPENSES</b>				
Research and development	(596)	(1,269)	(186)	(582)
General and administrative expenses	(318)	(128)	(166)	(73)
Net operating loss	(914)	(1,407)	(352)	(655)
Finance expense (income), net	(1)	-	(1)	-
<b>LOSS</b>	<b>(915)</b>	<b>(1,407)</b>	<b>(353)</b>	<b>(655)</b>
Foreign currencies translation adjustments	-287	-40	-232	-29
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>-1,202</b>	<b>-1,447</b>	<b>-585</b>	<b>-684</b>
<b>LOSS PER SHARE</b>				
Basic and diluted	-0.0006	-0.0013	-0.0002	-0.006

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**5. RESULTS FROM OPERATIONS (CONT'D)**

(a) Select annual information (cont'd)

*Financial position*

	2024-06-30	2023-06-30
Total assets	2,369	986
Total liabilities	522	345
Working capital	1,816	641

(b) Revenues

As the company's product are still in the development phase, for the 3 months ended June 30, 2024, and 6 months ended June 30, 2023, Zero Candida has not generated revenues.

(c) Direct costs and gross profit

Respectably as the company does not generate revenues the direct costs for the 3 months ended June 30, 2024, and 6 months ended June 30, 2023, were zero.

(c) Research and Development expenses

	For the 6-month period ended 30-06-2024	For the 6-month period ended 30-06-2023	For the 3- month period ended 30-06- 2024	For the 3-month period ended 30- 06-2023
Payroll				
Share-based payment expenses	281	1,005	264	577
Other expense	270	219	121	86
	<b>551</b>	<b>1,224</b>	<b>385</b>	<b>663</b>

For the 6 months ended June 30, 2024, research and development expenses amounted to 596CAD, compared to 1,269 CAD for the 6 months ended June 30, 2023. The decrease was driven by the decrease in the payroll, Share-based compensation and other expenses as the operation grew compared to the comparison period.

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### 5. RESULTS FROM OPERATIONS (CONT'D)

Selling, general and administrative expenses for 6 months ended June 30, 2024, amounted to 318 CAD, compared to 138 CAD for the 6 months ended June 30, 2023, an increase of 180 CAD. **The increase was attributable mainly the increase in share based payments and the professional fees.**

(d) Financial expenses

For the 3 months ended June 30, 2024, financial income amounted to 1 CAD, compared to 0 one-time financial income for 3 months ended June 30, 2023.

(e) Operating loss

For the 6 months ended June 30, 2024, operating loss amounted to 914 CAD, compared to 352 CAD for the 6 months ended June 30, 2023. The increase in loss was primarily attributed to the increase in the research and development expenses.

The Company has incurred continuous losses from its research and development operations and has generated negative cash flows from operating activities.

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.

As of June 30, 2024, the Company's balance of cash and cash equivalents and bank deposits in total amount of CAD 280.

### 6. SUMMARY OF QUARTERLY RESULTS

Zero Candida is not a reporting issuer and has not prepared quarterly financial statements for its 8 most recently competed quarters.

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**7. MATERIAL TRANSACTIONS**

(a) Share Based payments and Options plan

On June 2022, the Company's Board of Directors approved a share option plan (the "2022 ESOP") to grant certain employees and service providers of the Company options to purchase 1,502,322 Ordinary shares of the Company, at nominal value of 0.001 NIS par value.

As of July 2022, the Company granted in total 145,500 share options to employees and service providers with total fair value of the CAD 3,917,050. The share options that granted in 2022 vest monthly over 2 years.

On February 2023, July 2023 and September 2023, the Company granted in total 110,938 share options to employees and service providers with total fair value of the CAD 2,701,683. The share options that granted in 2023 include mainly service condition and vest over various period.

Following is a summary of the status of the stock options plan as of December 31, 2023, and 2022, and the changes during the years ended on these dates:

	2023		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of year	145,500	0.0037		
Changes during the year:				
	100,938	5.8456	145,500	0.0037
	-	-		-
	-	-		-
	246,438	<b>0.077</b>	145,500	0.0037
	131,546	<b>0.003</b>	30,310	0.0037

In March 2024, the Company granted 24,822 stock options to employees and service providers. For the employees the stock options shall be vested over 24 months, 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.

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### 8. LIQUIDITY AND CAPITAL RESOURCES

#### (a) Overview

The general objectives of our capital management strategy are to ensure financial stability and sufficient liquidity to increase shareholder value through organic growth and investment in sales, marketing and product development.

#### (b) Liquidity and cash management

On July 3, 2023, Zero Candida concluded the public phase of its investment campaign in Israel through a crowd funding platform FundIt (2016) Ltd. In accordance with Israeli securities laws and issued a total of 265,477 Zero Candida Shares to a total of 322 subscribers at a price of 15.9 NIS per Zero Candida share.

#### *Going concern auditors note:*

Since inception the Company has incurred continuous losses from its business operations and has generated negative cash flows from operating activities of CAD 650 and CAD 31 during 2023 and 2022, respectively.

During 2023 the Company has recorded losses of 2,557 CAD.

The Company has so far financed its operations mainly through equity resulting from capital raising.

The Company is expected to further generate losses from operations which will be expressed in negative cash flows from operating activities.

As address in Note 1D of the Financial Statements, the Company's Board of Directors and Management of the Company designed a business plan for 12 months of operations from the date of the financial position, and review the Company's forecast of operating results, cash flow projections and potential liquidity risks.

Based the results of this review, the Company Board of Director and Management concluded that the Company have sufficient resources for the continuation of its activities and to meet its obligation in the foreseeable future.

As at December 31, 2023, the Company had total assets in excess of total liabilities of 1,301CAD (As at December 31, 2022 – 254 CAD).

#### (c) Capital management framework.

The Company defines capital as the aggregate of common shares and debt. The Company's capital management framework is designed to maintain a level of capital that funds the operations and business strategies and builds long-term shareholder value. The Company's objective is to manage its capital structure in such a way as to diversify its funding sources, while minimizing its funding costs and risks.

As at December 31, 2023, the Company had total assets in excess of total liabilities of 1,301CAD (As at December 31, 2022 – 254 CAD).

The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a moderate to high tolerance for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, through the use of lower cost capital, including raising share capital or debt when required to fund opportunities as they arise.

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**8. LIQUIDITY AND CAPITAL RESOURCES (CONT'D)**

The continuity of the Company's capital structure is as follows:

	Shares	Consideration	
	#	CAD	
<b>Balance as at January 1, 2022</b>			
Issuance of shares	1,005,506	37	Note 9
Warrants			
Share-based payments	145,500	1,386	
<b>Balance as at December 31, 2022</b>	<b>1,151,006</b>	<b>1,423</b>	
Issuance of shares	494,435	2,258	Note 9
Warrants			
reverse merge			
Share-based payments	100,938	1,769	
<b>Balance as at December 31, 2023</b>	<b>1,746,379</b>	<b>5,450</b>	
	<b>2023</b>	<b>2022</b>	2021
	<b>CAD</b>	<b>CAD</b>	
Balance, beginning of period	<b>1,151,006</b>	<b>1,423</b>	
Share-based payments			
Exercise of stock options			
reverse merge	<b>0</b>	<b>0</b>	
<b>Balance, end of period</b>	<b>1,151,006</b>	<b>1,423</b>	

During the six months ended June 30, 2024, 79,799 warrants and 119,204 stock options issued by the Company have been exercised into 199,003 ordinary shares of the Company upon a payment of their exercise price, net of direct issuance costs, of CAD 879. Subsequent to the date of the statement of financial position, 27,497 warrants issued by the Company has been exercised into 27,497 ordinary shares of the Company upon a payment of the exercise price under the warrants in the amount of CAD 162

(e) Contractual obligations

6 months ended June 30, 2024 the Company had no debt guarantees, off-balance sheet arrangements or long-term obligations.

**9. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

The Company's significant accounting policies are described in Notes 2 of the Financial Statements. The preparation of the Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures as of the date of the Financial Statements. Actual results may differ from estimates under different assumptions and conditions.

**10. DISCLOSURE / PROCEDURES / INTERNAL CONTROLS OVER FINANCIAL REPORTING**

(a) Inherent limitations

It should be noted that in a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Given the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override.

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**11. RELATED PARTY TRANSACTIONS AND BALANCES**

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.

a) Balances with related parties:

	December 31	
	2023	2022
Accounts payable	370	267
Accounts receivable	29	-

b) Transaction with related parties:

On January 3, 2023, Mr. Eli Ben Harosh 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 Harosh will be entitled for a monthly remuneration for service of CAD 10 ,and a monthly reimbursement of travel expenses not exceeding CAD 2.5. all payments will be deferred to stage where the total aggregate amount of money raised will accede \$1,000,000 and as long as the total amount of cash the company has is above \$1,000,000.

On January 3, 2023, 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. all payments will be deferred to stage where the total aggregate amount of money raised will accede \$2,500,000 and as long as the total amount of cash the company has is above \$2,500,000

During the years ended December 31, 2023, and 2022 key management personnel compensation consisting exclusively of short-term benefits as follows:

	2023	2022
	CAD	CAD
Eli Ben Haroosh	210.6	
Asher Holzman	56.3	
	266.9	0

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties.

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

(a) Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, and liquidity risk. These financial instrument risks are actively managed by the Company under the policies approved by the Board of Directors. On an ongoing basis, the finance department actively manages market conditions with a view to minimizing the exposure of the Company to changing market factors, while at the same time limiting the funding costs to the Company.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses information supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own records to rate its customers.

The Company is exposed to credit risk from its operating activity (primarily trade receivables) and from its financing activity, including deposits with banks and other financial institutions. At this point of time the credit risk of the company is not significant as the company's doesn't possess any significant short term financial assets as well as short term financial liabilities.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities. 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. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

The Company's policy is to seek to ensure adequate funding is available from operations and other sources, including debt and equity capital markets, as required.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value risk with respect to debt which bears interest at fixed rates.

(e) Foreign exchange rates

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates to the Company's continuing operation (when revenue or expense is recognized in a different currency from the Company's functional currency) as well as to

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fluctuations of financial instruments related to cash, accounts and other receivables, debt and accounts payable denominated in foreign currencies.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)**

(f) Fair value measurement

Fair value is the price to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the assets or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market

participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 – inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data)

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### 13. RISKS AND UNCERTAINTIES

There are several risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about as of the date of this MD&A, or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks occur, the Company's business may be harmed, and its financial condition and the results of operation may suffer significantly.

#### (a) History of Operating Losses

To date, ZC has not recorded any revenues from the sale of diagnostic or therapeutic products. Since incorporation, ZC has accumulated net losses and expects such losses to continue as it commences product and pre-clinical development and eventually enters into license agreements for its technology. Management expects to continue to incur substantial operating losses unless and until such time as product sales generate sufficient revenues to fund continuing operations.

131 has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. There is no assurance that 131 will produce a profit after the successful acquisition of ZC.

#### (b) Early-Stage Development

ZC has not begun to market any product or to generate revenues. The Resulting Issuer expects to spend a significant amount of capital to fund research and development and on further laboratory and animal studies. As a result, the Resulting Issuer expects that its operating expenses will increase significantly and, consequently, it will need to generate significant revenues to become profitable. Even if the Resulting Issuer does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Resulting Issuer cannot predict when, if ever, it will be profitable. There can be no assurances that the Intellectual Property of ZC, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed.

The Resulting Issuer will be undertaking additional laboratory and animal studies with respect to the Intellectual Property of ZC, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

#### (c) Ability to Manage Growth

Recent rapid growth in all areas of ZC's business has placed, and is expected to continue to place, a significant strain on its managerial, operational and technical resources. The Resulting Issuer expects operating expenses and staffing levels to increase in the future. To manage such growth, the Resulting Issuer must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the Resulting Issuer will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage the Resulting Issuer's expansion could have a material adverse effect on its business and results of operations.

#### (d) Unproven Market

The Resulting Issuer believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.

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### 13. RISKS AND UNCERTAINTIES (CONT'D)

(e) Manufacturing, Medical Devices Development and Marketing Capability

The Resulting Issuer has no and does not expect to have any in-house manufacturing, pharmaceutical development or marketing capability. To be successful, a product must be manufactured and packaged in commercial quantities in compliance with regulatory requirements and in reasonable time frames and at accepted costs. The Resulting Issuer intends to contract with third parties to develop its products. No assurance can be given that the Resulting Issuer or its suppliers will be able to meet the supply requirements of the Resulting Issuer in respect of the product development or commercial sales.

Production of therapeutic products may require raw materials for which the sources and amount of supply are limited or may be hindered by quality or scheduling issues in respect of the third-party suppliers over which the Resulting Issuer has limited control. An inability to obtain adequate supplies of raw materials could significantly delay the development, regulatory approval and marketing of a product. The Resulting Issuer has limited in-house personnel to internally manage all aspects of product development, including the management of multi-center clinical trials. The Resulting Issuer is significantly reliant on third party consultants and contractors to provide the requisite advice and management. There can be no assurance that the clinical trials and product development will not encounter delays which could adversely affect prospects for the Resulting Issuer's success.

To be successful, an approved product must also be successfully marketed. The market for the Resulting Issuer's product being developed by the Resulting Issuer may be large and will require substantial sales and marketing capability. At the present time, neither the Company nor ZC has any internal capability to market medical devices. The Resulting Issuer intends to enter into one or more strategic partnerships or collaborative arrangements with medical devices companies or other companies with marketing and distribution expertise to address this need. If necessary, the Resulting Issuer will establish arrangements with various partners for geographical areas. There can be no assurance that the Resulting Issuer can market or can enter into a satisfactory arrangement with a third party to market a product in a manner that would assure its acceptance in the marketplace. However, if a satisfactory arrangement with a third party to market and/or distribute a product is obtained; the Resulting Issuer will be dependent on the corporate collaborator(s) who may not devote sufficient time, resources and attention to the Resulting Issuer's programs, which may hinder efforts to market the products. Should the Resulting Issuer not establish marketing and distribution strategic partnerships and collaborative arrangements on acceptable terms, and undertake some or all of those functions, the Resulting Issuer will require significant additional human and financial resources and expertise to undertake these activities, the availability of which is not guaranteed.

The Resulting Issuer will rely on third parties for the timely supply of raw materials, equipment, contract manufacturing, and formulation or packaging services. Although the Resulting Issuer intends to manage these third-party relationships to ensure continuity and quality, some events beyond the Resulting Issuer's control could result in complete or partial failure of these goods and services. Any such failure could have a material adverse effect on the financial conditions and result of operation of the Resulting Issuer.

(f) Pre-Clinical Studies and Initial Clinical Trials are not Necessarily Predictive of Future Results

Pre-clinical tests and Phase I and Phase II clinical trials are primarily designed to test safety and to understand the side effects of product candidates at various doses and schedules. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful, nor does it predict final results. Favorable results in early trials may not be repeated in later trials.

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### 13. RISKS AND UNCERTAINTIES (CONT'D)

#### (f) Pre-Clinical Studies and Initial Clinical Trials are not Necessarily Predictive of Future Results

A number of companies in the life sciences industry have suffered significant setbacks in advanced clinical trials, even after positive results in earlier trials. Clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. Negative or inconclusive results or adverse medical events during a clinical trial could cause a clinical trial to be delayed, repeated or terminated. Any pre-clinical data and the clinical results obtained for our technologies may not predict results from studies in larger numbers of subjects drawn from more diverse populations or in the commercial setting, and also may not predict the ability of our products to achieve their intended goals, or to do so safely.

#### (g) Government Regulations

The products developed by ZC are classified as medical devices and are subject to extensive regulation in the United States by the FDA, Canada by Health Canada, and by comparable government agencies in other countries. The regulations govern the development, design, approval, manufacturing, labeling, importing and exporting and sale and marketing of many of our medical products. These regulations are also subject to future change. Failure to comply with applicable regulations and quality assurance guidelines could lead to manufacturing shutdowns, product shortages, delays in product manufacturing, product seizures, recalls, operating restrictions, withdrawal or suspension of required licenses, and prohibitions against exporting of products to, or importing products from, certain countries. Successful execution of the Company's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the manufacturing and sale of its products, including maintaining and renewing its licenses. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Resulting Issuer's business. Neither ZC nor the Company can predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on their business. Public opinion can also exert a significant influence over the regulation of the medical devices industry. A negative shift in the public's perception of certain medical devices could affect future legislation or regulation in different jurisdictions.

#### (h) Raw Materials and Product Supply

Raw materials and supplies are generally available in quantities to meet the needs of the Resulting Issuer's business. The Resulting Issuer will be dependent on third-party manufacturers for the pharmaceutical products that it markets. An inability to obtain raw materials or product supply could have a material adverse impact on the Resulting Issuer business, financial condition and results of operations.

#### (i) Need for Additional Capital and Access to Capital Markets

The Company anticipates that the Resulting Issuer will need additional capital to complete its current research and development programs. It is anticipated that future research, additional pre-clinical studies and manufacturing initiatives, including that to prepare for market approval and successful product market launch will require additional funds. Further financing may dilute the current holdings of shareholders and may thereby result in a loss for shareholders. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable for these or other purposes, or to fulfill the Resulting Issuer's obligations under the various license agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development of the Resulting Issuer's technologies with the possible loss of license rights to these technologies.

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### 13. RISKS AND UNCERTAINTIES (CONT'D)

#### (j) Competition

The market for ZC's technology (Candidiasis treatment) is highly competitive. The Resulting Issuer will compete with other research teams who are also examining potential therapeutics with regards to treatment of VVC. Many of its competitors have greater financial and operational resources and more experience in research and development than the Resulting Issuer. These and other companies may have developed or could in the future develop new technologies that compete with the Resulting Issuer's technologies or even render its technologies obsolete.

Competition in ZC's markets is primarily driven by:

- timing of technological introductions;
- ability to develop, maintain and protect proprietary products and technologies; and
- expertise of research and development team.

#### (k) Intellectual Property

ZC's success depends to a significant degree upon its ability to develop, maintain and protect proprietary products and technologies. ZC files patent applications in the United States, Canada, Europe, and selectively in other foreign countries as part of its strategy to protect its proprietary products and technologies. However, patents provide only limited protection of ZC's intellectual property. The assertion of patent protection involves complex legal and factual determinations and is therefore uncertain and expensive. ZC cannot provide assurances that patents will be granted with respect to any of its pending patent applications, that the scope of any of its patents will be sufficiently broad to offer meaningful protection, or that it will develop additional proprietary technologies that are patentable. ZC's current patents could be successfully challenged, invalidated or circumvented. This could result in ZC's patent rights failing to create an effective competitive barrier. Losing a significant patent or failing to get a patent to issue from a pending patent application that ZC considers significant could have a material adverse effect on ZC's business. The laws governing the scope of patent coverage in various countries continue to evolve. The laws of some foreign countries may not protect ZC's intellectual property rights to the same extent as the laws of Canada, Israel and the United States. ZC holds patents only in selected countries. Therefore, third parties may be able to replicate ZC technologies covered by ZC's patents in countries in which it does not have patent protection.

#### (l) Litigation to Protect the Resulting Issuer's Intellectual Property

The Resulting Issuer's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Resulting Issuer will not be challenged. The Resulting Issuer's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Resulting Issuer's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Resulting Issuer's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Resulting Issuer's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Resulting Issuer's favour.

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### 13. RISKS AND UNCERTAINTIES (CONT'D)

(m) Legal Proceedings

In the course of the Resulting Issuer's business, the Resulting Issuer may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Resulting Issuer asserting that it has misappropriated their technologies and had improperly incorporated such technologies into the Resulting Issuer's products. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Resulting Issuer's business. In the future, the Resulting Issuer may be made a party to litigation involving intellectual property matters and such actions, if determined adversely, could have a material adverse effect on ZC and its business.

(n) Dependence upon Management

The Resulting Issuer's success has depended and continues to depend upon its ability to attract and retain key management, including the officers and technical experts. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Resulting Issuer's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Resulting Issuer's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Resulting Issuer, results of operations of the business and could limit the Resulting Issuer ability to develop and market its products. The loss of any of the Resulting Issuer senior management or key employees could materially adversely affect the Resulting Issuer's ability to execute the Resulting Issuer's business plan and strategy, and the Resulting Issuer may not be able to find adequate replacements on a timely basis, or at all.

(o) Product Liability

Resulting Issuer's products will be produced for sale both directly and indirectly to end consumers, and therefore it might face an inherent risk of exposure if product liability claims, regulatory action and litigation of Resulting Issuer's products are alleged to have caused significant loss or injury. Previously unknown adverse reactions resulting from human use of the company's products alone or in combination with other medications could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that our products caused injury or illness or include inadequate instructions for use or warnings concerning possible side effects. A product liability claims or regulatory action against the company could result in increased costs to produce its products and could have a material adverse effect on its business and operational results.

(p) Nature of Securities

The acquisition of the Company's shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. These shares are speculative and should not be acquired by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major portion of an investor's portfolio.

# Zero Candida Ltd.

## Management's Discussion and Analysis

As at June 30, 2024

(Expressed in thousands of Canadian dollars)

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### 13. RISKS AND UNCERTAINTIES (CONT'D)

(q) Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States, Canada and Israel have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. The future market price of the Resulting Issuer's common shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in their respective results of operations, changes in financial estimates by securities analysts, changes in metal prices, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the Resulting Issuer's common shares. It may be anticipated that any quoted market for the Resulting Issuer's common shares will be subject to market trends generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings. The value of the Resulting Issuer's common shares will be affected by such volatility.

(r) No Public Trading Market

Currently there is no public market for the Resulting Issuer Shares, and there can be no assurance than an active market for the Resulting Issuer Shares will develop or be sustained after the Listing. If an active public market for the Resulting Issuer Shares does not develop, the liquidity of an investor's investment may be limited and the share price may decline.

(s) Risk Associated with Foreign Operations in Other Countries

The Resulting Issuer's primary revenues are expected to be achieved in Israel, United States and Canada. However, the Resulting Issuer may expand to markets outside of the aforementioned countries and become subject to risks normally associated with conducting business in other countries. The Resulting Issuer cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Resulting Issuer's business.

Risks the Resulting Issuer may face in operating in foreign jurisdictions include unforeseen government actions, acts of God, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls, export controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or other events. All or any of these factors, limitations, or the perception thereof could impede the Resulting Issuer's activities, or otherwise have an adverse impact on the Resulting Issuer's valuation and stock price.

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### 13. RISKS AND UNCERTAINTIES (CONT'D)

(t) Increased Expenses as a Result of Being a Public Company

The Resulting Issuer expects to incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact performance and could cause results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSXV may substantially increase expenses, including legal and accounting costs, and makes some activities more time consuming and costly. Reporting obligations as a public company and anticipated growth may place a strain on financial and management systems, processes and controls, as well as on personnel.

The Resulting Issuer also expects securities laws, rules and regulations to make it more expensive to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult to attract and retain qualified persons to serve on the Board or as officers. As a result of the foregoing, the Resulting Issuer expects a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact financial performance and could cause results of operations and financial condition to suffer.

(u) Limited Experience Managing a Public Company

The individuals who will constitute the Resulting Issuer's senior management team have relatively limited experience managing a publicly traded company and limited experience complying with the increasingly complex laws pertaining to public companies compared to senior management of other publicly traded companies. The Resulting Issuer's senior management team may not successfully or efficiently manage the transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from senior management and could divert their attention away from the day to day management of the Resulting Issuer business.

(v) Enforcement of Judgments Against Foreign Persons

A number of the proposed directors and officers of the Resulting Issuer reside outside of Canada. Some or all the assets of such persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

(w) Risks Associated with Israel-Hamas War

On October 8, 2023, State of Israel declared war on Hamas, a U.S. designated Foreign Terrorist Organization and a terrorist entity pursuant to Anti-Terrorism Act (S.C. 2001, c. 41).

In addition to the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the current armed conflict in Israel and the Gaza Strip (the "War"), ZC has some of its direct business operations in Israel and its exposure to the current conflict can severely affect its business and operation. ZC might experience:

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## Management's Discussion and Analysis

As at June 30, 2024

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### RISKS AND UNCERTAINTIES (CONT'D)

(w) Risks Associated with Israel-Hamas War (cont'd)

- disruptions to its operations and business continuity, including physical damage or impaired access to company facilities, offices or technology, and disruptions in access to electricity, gasoline or water;
- workforce disruptions, including impact on key individuals (employees, directors, officers or partners), mobilization of employees who are members of the Israeli military reserves to active duty, disrupted communication with employees in the conflict zone and restrictions on movement in areas subject to armed conflict;
- disruptions to the company's customers and markets;
- supplier, vendor and supply chain disruptions;
- uncertainty around trade routes;
- availability of travel to and from the region, insurance exclusions applicable to outbreak or escalation of armed conflict, declarations of war and/or terrorist acts; and
- other uncertainties as a result of the War.

(x) TSXV approval

The completion of the proposed Transaction is subject to the approval of the TSXV, which approval may not be obtained.

(y) Conflicts of Interest

Certain of the proposed directors and officers of the Resulting Issuer are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including research and development companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

# Zero Candida Ltd.

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### 14. CONTINGENCIES AND COMMITMENTS

The Company is not contingently liable with respect to litigation, claims, and environmental matters, including those that could result in mandatory damages or other relief. Any expected settlement of claims in excess of amounts recorded will be charged to the statements of loss and comprehensive loss as and when such determination is made.

### 15. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Company's audit committee and Board of Directors. The accompanying financial statements are prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of two independent directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

SCHEDULE "F-2"

**ZERO CANDIDA LTD.**

**Management's Discussion and Analysis**

For the year ended December 31, 2023

# Zero Candida Ltd.

## Management's Discussion and Analysis

As at December 31, 2023  
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### 1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations and financial condition of Zero Candida Ltd. for the years ended December 31, 2023. This MD&A is dated September 8, 2024, and should be read in conjunction with the audited annual financial statements and related notes for the year ended December 31, 2023 (the "Annual Financial Statements"). Unless the context indicates otherwise, references to "Zero Candida", "the Company", "we", "us" and "our" in this MD&A refer to Message Notify Ltd. and its operations.

### 2. FORWARD-LOOKING INFORMATION

Certain information included in this MD&A contains forward-looking information within the meaning of applicable securities laws. This information includes, but is not limited to, statements made in *Business Overview and Strategy*, *Results from Operations*, *Debt Profile* and other statements concerning Company's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this MD&A is qualified by the following cautionary statements.

Forward looking information necessarily involves known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond Company's control, affect the operations, performance and results of the Company, and could call actual results to differ materially from current expectations of estimated or anticipated events or results.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable and represent the Company's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Company's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: **Business Overview, Results from Operations, Liquidity and Capital Resources, Capital Structure**. See **Risks and Uncertainties** for further information. The reader is cautioned to consider these factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this MD&A is made as of the date of this MD&A and should not be relied upon as representing Company's views as of any date subsequent to the date of this MD&A. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

# Zero Candida Ltd.

## Management's Discussion and Analysis

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### 3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE

#### (a) Business overview

Zero Candida was incorporated in 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 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 is currently expected to start by the beginning of 2025.

#### (b) Company Timeline

##### March 2022

- The company was established in March 2022.

##### May 2022

- The Company developed its first prototype
- The company started the first Laboratory experiment as a proof of concept (POC).

##### May 2023

- The company raised 490 thousand USD through accredited private investors.

##### June 2023

- The company completes crowdfunding of 1.5 million USD.
- The Company signed a letter of intent (LOI) with a company publicly traded and listed in the Canadian stock exchange (TSXV) and is scheduled to be listed in the Canadian stock exchange within a few months.
- The company started the Laboratory Pre-clinical study in animals.

##### September 2023

- The company completed the Laboratory Pre-clinical study in animals.
- The company developed prototype 1st series + validation.

##### March 2024

- The company completed the development the design and continued Pre-clinical study in animals

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**3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT’D)**

(c) Operations

Below is Zero Candida’s research, development and trial operational plan for the next 36-48 months:

Research	Methodology	Summary Protocol	Comments
Efficacy / Safety - I	Cell line – vaginal epithelial cells & Candida Albicans	Exposure: different times & wavelengths Conditions mimicking vaginal environments: Dark / Light Moisture, pH, 37°C Evaluation of epithelial viability, temperature and pH with: 1. light exposure 2. Candida exposure Evaluation of both the epithelial cells and the candida influence of light to adjust time and wave-light exposure for optimal results.	Based on a previous study, to prove ability to repeat the results in our lab & hands
Efficacy / Safety II	Cell line – vaginal epithelial cells Animal model – Sheep & Candida Albicans	The same studies in a tube model mimicking vagina and light exposure, throughout a tampon as a basic prototype of the device, while evaluating temperature changes on top of the previously described parameters.	
Efficacy / Safety III	Animal model – sheep Clinical - Women Candida Albicans & Normal and vaginal flora	The same studies in a tubal model as described, evaluating the effect of the light on the normal and valuable vaginal flora	To make sure that the light does not destroy the important normal flora
Proof-of Concept	Computerized Biological Studies	Evaluate and predict reaction to the light exposure, based on computerized biology calculations, regarding the expected behavior of normal vaginal bacteria and different type and amounts of candida.	
Light & Fluconazole		Repeat all the above studies with the combination of light and fluconazole.	

Concurrently with its Research and Proof of Concept Stages, Zero Candida is expected to engage in the pre-clinical animal trials with respect to its current Intellectual Property portfolio. ZERO CANDIDA further expects to pursue Fast Track approval with the FDA as a Class II De Novo device

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**3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)**

(c) Operations (cont'd)

To test the safety of the ZERO CANDIDA Device in healthy subjects, a trial will be initiated in a small pilot study with Candidiasis before moving into larger pivotal populations. Generally, the total number needed to demonstrate safety and effectiveness in a device trial is in the hundreds rather than thousands that are required for drug trials. Typically, the pivotal study would include 150 to 300 patients to test efficacy and identify any adverse effects. The requirement for long-term data is generally met with a Post-Approval Study. Assuming favorable study results, ZERO CANDIDA expects to receive FDA approval to go to market within 36-48 months.

ZERO CANDIDA does not expect any additional financial injections to be needed to conduct independent third party pre-clinical testing. ZERO CANDIDA has assembled an experienced and multi-disciplined team of executives and trained scientists and technicians to achieve its goals.

(d) The Company's Business Model

The company's business model intends to work within the framework of both the B2B model and the B2C model. The final product of the company will include a case of the Zero Candida device along with a drug carrier for dressing on the product.

The product will also be available for sale without a doctor's prescription all over the world. In the business plan, the company will first operate in the US and Europe and establish distribution to pharma.

The B2B model

The company plans to hold exhibitions all over the world and cooperate with the community of gynecologists in the world.

The company's first goal is to reveal the technological product for Candida disease diagnostics using a hybrid medicine method, which will allow gynecologists to perform more diagnoses during work, treat more women, and even bring in more money in a short time from the treatment itself.

The B2C model

The company plans to leverage the distribution capacity and resources of existing medical organizations while taking advantage of existing businesses, by obtaining royalties through franchise and distribution agreements.

(e) Proprietary Protection

In May of 2023, ZERO CANDIDA was awarded a South African patent (2022/09265) with respect to "Devices and method for prevention and treatment of fungal and bacterial microorganisms". Subsequently, ZERO CANDIDA filed comparable patent applications in Israel, United States of America and Canada. The patent applications claim that "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. bio adhesion towards vaginal tissue could not be successfully evaluated, either in the rotating cylinder test or in the detachment test"

In September 2023 ZERO CANDIDA completed its pre-clinical animal studies and subsequently developed a prototype (1st series) and commenced its validation. ZERO CANDIDA is currently in the process of developing the design of its device and continues pre-clinical animal studies. ZERO CANDIDA expects to pursue "Fast Track" approval with the FDA as a Class II De Novo device.

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**3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)**

(f) Reverse takeover

On March 1, 2024, the Company entered into the Business Combination Agreement with ZC to acquire 100% of the issued and outstanding securities of ZC in exchange for the issuance of securities of the Company.

Immediately prior to completion of the Transaction, the Company took all necessary corporate steps to complete the 131 Share split following which 131 had a total of 2,000,000 131 Shares issued and outstanding. There were 1,573,594 ZC Shares issued and outstanding, as well as 113,747 ZC Options and 153,788 ZC Warrants. All unexercised ZC warrants expired immediately prior to completion of the Transaction.

Pursuant to the terms of the Agreement, each ZC Shareholder, other than a ZC Shareholder who exercised Dissent Rights (as defined in the Israeli Companies Law) received 10.66767ten and sixty six thousand seven hundred sixty seven hundred-thousandths) Common Shares in exchange for each ZC Share held by such ZC Shareholder, resulting in the Company issuing an aggregate of 16,786,585 Resulting Issuer's Shares (which represent approximately 89.35% of the issued and outstanding Common Shares, without taking into consideration any ZC share purchase warrants exercised immediately prior to completion of the Transaction, stock options or the Private Placement). Additionally, the holders of the ZC Options became entitled to receive Common Shares, instead of ZC Shares, on the exercise of their ZC Options. As a result of the Transaction, old shareholders of the Company (as a group) own a total of 2,000,000 Common shares in the capital of the Company and ZC shareholders (as a group) own a total of 18,000,000 common shares of the Company (on a fully diluted basis).

The Transaction is expected to constitute a reverse takeover transaction.

Ms. Galper-Komet, a holder of 50% of the Common Shares of the Company prior to giving effect to the Transaction, is Chief Financial Officer of ZERO CANDIDA and is therefore a Non-Arm's Length Party to the Transaction.

# Zero Candida Ltd.

## Management's Discussion and Analysis

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### 3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)

#### (g) Management and key employees

Eli Ben-Haroosh - President, CEO and Director

Mr. Ben-Haroosh is a seasoned executive and prior to joining Zero Candida he served as President of Vonetize PLC, a cannabis cultivation company in Colorado, USA, listed on the Tel-Aviv Stock Exchange. In the previous 7 years served as VP and CEO of Premier – Dead Sea and was responsible for sales in 74 countries and in close to 1,000 points of sale generating tens of millions of dollars a year. MR. Ben-Haroosh currently serves as the director of several companies. and as the president of Mariana Inc. and Zero Candida. He holds a degree in business management from Ben Gurion University of the Negev.

Asher Holzer – Founder and Director

Mr. Holzer has over 30 years' experience in management of both private and public corporations in the medical device and the biotech industry. His expertise covers a wide range of activities including product development, clinical studies, regulatory affairs and marketing. Asher founded several successful bio-tech companies and served as their chairman and president. These included InspireMD (NYSE MKT: NSPR), a medical device company which improves treatment of patients undergoing heart stenting and UroGen Pharma (NASDAQ: URGN) focusing on developing therapies for urological pathologies. Asher was part of the management team of Biosense which was acquired by Johnson & Johnson in 1997 and became the worldwide market leader in developing and marketing products for the diagnosis and treatment of cardiac arrhythmias. He holds a Ph.D. in Applied Physics and a M.Sc. in Material Science from Hebrew University in Jerusalem, Israel. He holds several granted and pending patents, mainly in the fields of interventional cardiology and urology.

Sophya Galper-Komet– CFO and Corporate Secretary

Ms. Galper-Komet is a seasoned executive and currently a funder of Wisdom Star, a boutique consultancy that provides C-level executive corporate services to corporate clients and qualified investors in a wide variety of industries. Prior to that she has served as Chief Operating Officer of a private real estate investment company. With over 20 years of experience working on different angles of capital markets and private equity, her expertise in developing diverse funding solutions to corporate issuers includes initial public offerings, bond offerings, M&A and private equity transactions. Ms. Galper-Komet has served as a director of numerous public companies and financial institutions including a chair of several board committees. Ms. Galper-Komet holds an MBA in Finance and Accounting and a BA in Economics and Psychology from Tel Aviv University.

#### (h) The Board

Eli Ben Haroosh, CEO, Founder, Director

Dr. Asher Holzer, Director, Founder

#### (i) Certain transactions and commitments

Shamir Medical Center-The institutional animal care and use committee approve a Safety study of blue light irradiation of ZERO CANDIDA (Zero Candida) device in the sheep vagina, and found it acceptable for approval according to the Animal Welfare Law- Experiments in Animals 1994.

Zero Candida is developing an innovative medical device ZERO CANDIDA-1 that uses blue-light illumination to intra-vaginally suppress C. albicans population. Zero-Candida has already demonstrated in-vitro eradication of

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# Zero Candida Ltd.

## Management's Discussion and Analysis

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99.999% of *C. albicans* fungi post 3-hour illumination study - POC (Proof of Concept), tested by a certified independent laboratory. Zero-Candida R&D process requires a preclinical study to verify the procedure and safety of the treatment using the ZERO CANDIDA-1 device. The objective of the preclinical study is to evaluate the safety of intra-vaginal illumination of large animals by the ZERO CANDIDA-1-A device - as an indication for the safety of similar clinical candidiasis treatment.

The pathology lab has declared the ZERO CANDIDA-1-A blue light illumination device as safe.

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**4. PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES**

(a) Presentation of Financial Information

Unless otherwise specified herein, financial results, including historical comparatives, contained in this MD&A are based on the Company’s Annual Financial Statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the IFRS Interpretations Committee (“IFIRC”). Unless otherwise specified, amounts are in thousands of United States dollars and percentage changes are calculated using whole numbers.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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.

The preparation of accounting estimates used in the preparation of the Company’s financial statements requires that management of the Company makes assumptions regarding circumstances and events that involve considerable uncertainty. Company Management prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following table:

Estimate	Principal assumptions	Possible effects	Reference
Recoverability of development costs	The criteria for recognizing development project costs as intangible assets have met.	Amortization of the development costs in profit or loss	Development costs have been expensed as incurred, see Note 10.
Fair value of share-based payments	The fair value of share-based payments is determined upon initial recognition by an acceptable option pricing model.	The inputs to the model include share price, exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield,	See Note 14 regarding share based payments.

Classification of expenses recognized in the statement of income - The classification of expenses recognized in the statement of income is based on the nature of the expense. This method of classification is appropriate for understanding the business of the Company, which provides a wide range of services.

Determination of fair value - When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly

Level 3: inputs that are not based on observable market data.

Historical cost basis

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**4. PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES (CONT'D)**

(a) Presentation of Financial Information

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2.

(b) Non-IFRS Measures

In addition to the reported IFRS measures, industry practice is to evaluate entities giving consideration to certain non-IFRS performance measures, such as earnings before interest, taxes, depreciation and amortization ("EBITDA") or adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA").

These measures are not in accordance with IFRS and have no standardized definitions, and as such, our computations of these non-IFRS measures may not be comparable to measures by other reporting issuers. In addition, Company's method of calculating non-IFRS measures may differ from other reporting issuers, and accordingly, may not be comparable.

*Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")*

EBITDA is used as an alternative to net income because it includes major non-cash items such as interest, taxes and amortization, which management considers non-operating in nature. A reconciliation of EBITDA to IFRS net income is presented under the section **Results from Operations** of this MD&A.

*Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")*

Adjusted EBITDA is used as an alternative to net income because it excludes major non-cash items such as amortization, stock-based compensation, current and deferred income tax expenses and other items management considers non-operating in nature. A reconciliation of adjusted EBITDA to IFRS net income is presented under section **Results from Operations** of this MD&A.

EBITDA and Adjusted EBITDA are measured used by management as inputs in our internal metrics and in evaluating our ability to satisfy the Company's obligations. EBITDA and Adjusted EBITDA are used as alternatives to IFRS net income (loss) because it excludes major non-cash items (including depreciation and amortization, interest, taxes and share-based payments) and other items that management considers non-operating in nature.

Management believes that these measures are helpful to investors because they are widely recognized measures of Company's performance and provides a relevant basis of comparison to other entities. In addition to IFRS results, these measures are also used internally to measure the operating performance of the Company.

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**4. PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES (CONT'D)**

(c) Adoption of new and revised accounting standards

At the date of authorization of the Company's financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and, in some cases, had not yet been adopted by the relevant accounting body:

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

**5. RESULTS FROM OPERATIONS**

(a) Select annual information

The following table provides selected financial information from the Financial Statements of the Company for the years ended December 31, 2023, and 2022:

<i>Profit or loss</i>	<b>2023</b>	<b>2022</b>
	CAD	CAD
<b>REVENUES</b>	-	-
<b>DIRECT COSTS</b>	-	-
<b>GROSS PROFIT</b>	-	-
<b>EXPENSES</b>		
Research and development	(1,868)	(1,466)
General and administrative expenses	(649)	(214)
Net Operating loss	(2,517)	(1,680)
Finance expense (income), net	4	-
<b>LOSS</b>	<b>(2,513)</b>	<b>(1,680)</b>
Foreign currencies translation adjustments	-44	-2
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>-2,557</b>	<b>-1,682</b>
<b>LOSS PER SHARE</b>		
Basic and diluted	-0.002	-0.002

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**5. RESULTS FROM OPERATIONS (CONT'D)**

(a) Select annual information (cont'd)

*Financial position*

	2023	2022
Total assets	1,728	14
Total liabilities	427	269
Working capital	1,293	-254

(b) Revenues

As the company's product are still in the development phase, for the year ended December 31, 2023, and for the year ended December 31, 2022, Zero Candida has not generated revenues.

(c) Direct costs and gross profit

Respectably as the company does not generate revenues the direct costs for the year ended December 31, 2023, and for the year ended December 31, 2022 were zero.

(c) Research and Development expenses

	2023	2022
	CAD	CAD
Payroll	<b>99</b>	-
Share-based payment expenses	<b>1,620</b>	1,372
Other expense	<b>149</b>	94
	<b>1,868</b>	1,466

For the year ended December 31, 2023, research and development expenses amounted to 1,868 CAD, compared to 1,466 CAD for the year ended December 31, 2022. The increase was driven by the increase in the payroll, Share-based compensation and other expenses as the operation grew compared to the previous year.

(d) Selling, general and administrative expenses

	2023	2022
	CAD	CAD
Payroll	8	-
Share-based payments	148	14
Professional fees	33	19
Marketing and advertising	282	29
Related parties	139	150
Other expense	39	2
	<b>649</b>	214

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#### 5. RESULTS FROM OPERATIONS (CONT'D)

Selling, general and administrative expenses for the year ended December 31, 2023, amounted to 649 CAD, compared to 214 CAD for the year ended December 31, 2022, an increase of 435 CAD. **The increase was attributable to all items but majorly the payroll and the share-based compensation as the company's operation has grown.**

(e) Financial expenses

For the year ended December 31, 2023, financial expenses amounted to 4 CAD, compared to 0 one time financial income for the year ended December 31, 2022.

(f) Operating loss

For the year ended December 31, 2023, operating loss amounted to 2,517 CAD, compared to 1,680 CAD for the year ended December 31, 2022. The increase in loss was primarily attributed to the increase in the operational expenses related to the operation growth.

Zero Candida has incurred continuous losses from its business operations and has generated negative cash flows from operating activities of CAD 669 and CAD 33 during 2023 and 2022, respectively.

The Company has so far financed its operations mainly through equity resulting from capital raising.

The Company is expected to further generate losses from 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 or 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 activities and to meet its obligations for at least 12 months from the date of approval of the financial statements.

As of December 31, 2023, the balance of cash and cash equivalents in total CAD 174.

#### 6. SUMMARY OF QUARTERLY RESULTS

Zero Candida is not a reporting issuer and has not prepared quarterly financial statements for its 8 most recently competed quarters.

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**7. MATERIAL TRANSACTIONS**

(a) Share Based payments and Options plan

On June 2022, the Company's Board of Directors approved a share option plan (the "2022 ESOP") to grant certain employees and service providers of the Company options to purchase 1,502,322 Ordinary shares of the Company, at nominal value of 0.001 NIS par value.

As of July 2022, the Company granted in total 145,500 share options to employees and service providers with total fair value of the CAD 3,917,050. The share options that granted in 2022 vest monthly over 2 years.

On February 2023, July 2023 and September 2023, the Company granted in total 110,938 share options to employees and service providers with total fair value of the CAD 2,701,683. The share options that granted in 2023 include mainly service condition and vest over various period.

Following is a summary of the status of the stock options plan as of December 31, 202,3 and 2022, and the changes during the years ended on these dates:

	2023		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of year	145,500	0.0037		
Changes during the year:				
	100,938	5.8456	145,500	0.0037
	-	-		-
	-	-		-
	246,438	<b>0.077</b>	145,500	0.0037
	131,546	<b>0.003</b>	30,310	0.0037

In March 2024, subsequent to the date of the statement of financial position, the Company granted 24,822 stock options to employees and service providers. 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.

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### 8. LIQUIDITY AND CAPITAL RESOURCES

#### (a) Overview

The general objectives of our capital management strategy are to ensure financial stability and sufficient liquidity to increase shareholder value through organic growth and investment in sales, marketing and product development.

#### (b) Liquidity and cash management

On July 3, 2023, Zero Candida concluded the public phase of its investment campaign in Israel through a crowd funding platform FundIt (2016) Ltd. In accordance with Israeli securities laws and issued a total of 265,477 Zero Candida Shares to a total of 323 subscribers at a price of 15.9 NIS per Zero Candida share.

#### *Going concern auditors note:*

Since inception the Company has incurred continuous losses from its business operations and has generated negative cash flows from operating activities of CAD 669 and CAD 33 during 2023 and 2022, respectively.

During 2023 the Company has recorded losses of 2,557 CAD.

The Company has so far financed its operations mainly through equity resulting from capital raising.

The Company is expected to further generate losses from operations which will be expressed in negative cash flows from operating activities.

As address in Note 1D of the Financial Statements, the Company's Board of Directors and Management of the Company designed a business plan for 12 months of operations from the date of the financial position, and review the Company's forecast of operating results, cash flow projections and potential liquidity risks.

Based the results of this review, the Company Board of Director and Management concluded that the Company have sufficient resources for the continuation of its activities and to meet its obligation in the foreseeable future.

As at December 31, 2023, the Company had total assets in excess of total liabilities of 1,301CAD (As at December 31, 2022 – 255 CAD).

#### (c) Capital management framework.

The Company defines capital as the aggregate of common shares and debt. The Company's capital management framework is designed to maintain a level of capital that funds the operations and business strategies and builds long-term shareholder value. The Company's objective is to manage its capital structure in such a way as to diversify its funding sources, while minimizing its funding costs and risks.

As at December 31, 2023, the Company had total assets in excess of total liabilities of 1,301CAD (As at December 31, 2022 – 255 CAD).

The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a moderate to high tolerance for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, through the use of lower cost capital, including raising share capital or debt when required to fund opportunities as they arise.

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**8. LIQUIDITY AND CAPITAL RESOURCES (CONT'D)**

The continuity of the Company's capital structure is as follows:

	Shares #	Consideration CAD	
<b>Balance as at January 1, 2022</b>			
Issuance of shares	1,005,506	37	Note 9
Warrants			
Share-based payments	145,500	1,386	
<b>Balance as at December 31, 2022</b>	<b>1,151,006</b>	<b>1,423</b>	
Issuance of shares	494,435	2,258	Note 9
Warrants			
reverse merge			
Share-based payments	100,938	1,769	
<b>Balance as at December 31, 2023</b>	<b>1,746,379</b>	<b>5,450</b>	
	<b>2023</b>	<b>2022</b>	2021
	<b>CAD</b>	<b>CAD</b>	
Balance, beginning of period	<b>1,151,006</b>	<b>1,423</b>	
Share-based payments			
Exercise of stock options			
reverse merge			
	<b>0</b>	<b>0</b>	
<b>Balance, end of period</b>	<b>1,151,006</b>	<b>1,423</b>	

(e) Contractual obligations

As at December 31, 2023 the Company had no debt guarantees, off-balance sheet arrangements or long-term obligations.

**9. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

The Company's significant accounting policies are described in Notes 2 of the Financial Statements. The preparation of the Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures as of the date of the Financial Statements. Actual results may differ from estimates under different assumptions and conditions.

**10. DISCLOSURE / PROCEDURES / INTERNAL CONTROLS OVER FINANCIAL REPORTING**

(a) Inherent limitations

It should be noted that in a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Given the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override.

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**11. RELATED PARTY TRANSACTIONS AND BALANCES**

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.

a) Balances with related parties:

	December 31	
	2023	2022
Accounts payable	370	267
Accounts receivable	29	-

b) Transaction with related parties:

On January 3, 2023, Mr. Eli Ben Harosh 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 Harosh will be entitled for a monthly remuneration for service of CAD 10, and a monthly reimbursement of travel expenses not exceeding CAD 2.5. all payments will be deferred to stage where the total aggregate amount of money raised will accede \$1,000,000 and as long as the total amount of cash the company has is above \$1,000,000.

On January 3, 2023, 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. all payments will be deferred to stage where the total aggregate amount of money raised will accede \$2,500,000 and as long as the total amount of cash the company has is above \$2,500,000

During the years ended December 31, 2023, and 2022 key management personnel compensation consisting exclusively of short-term benefits as follows:

	2023	2022
	CAD	CAD
Eli Ben Haroosh	210.6	
Asher Holzman	56.3	
	266.9	0

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties.

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### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, and liquidity risk. These financial instrument risks are actively managed by the Company under the policies approved by the Board of Directors. On an ongoing basis, the finance department actively manages market conditions with a view to minimizing the exposure of the Company to changing market factors, while at the same time limiting the funding costs to the Company.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses information supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own records to rate its customers.

The Company is exposed to credit risk from its operating activity (primarily trade receivables) and from its financing activity, including deposits with banks and other financial institutions. At this point of time the credit risk of the company is not significant as the company's doesn't possess any significant short term financial assets as well as short term financial liabilities.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities. 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. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

The Company's policy is to seek to ensure adequate funding is available from operations and other sources, including debt and equity capital markets, as required.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value risk with respect to debt which bears interest at fixed rates.

(e) Foreign exchange rates

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates to the Company's continuing operation (when revenue or expense is recognized in a different currency from the Company's functional currency) as well as to fluctuations of financial instruments related to cash, accounts and other receivables, debt and accounts payable denominated in foreign currencies.

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)**

(f) Fair value measurement

Fair value is the price to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the assets or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 – inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

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### 13. RISKS AND UNCERTAINTIES

There are several risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about as of the date of this MD&A, or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks occur, the Company's business may be harmed, and its financial condition and the results of operation may suffer significantly.

(a) History of Operating Losses

To date, ZC has not recorded any revenues from the sale of diagnostic or therapeutic products. Since incorporation, ZC has accumulated net losses and expects such losses to continue as it commences product and pre-clinical development and eventually enters into license agreements for its technology. Management expects to continue to incur substantial operating losses unless and until such time as product sales generate sufficient revenues to fund continuing operations.

131 has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. There is no assurance that 131 will produce a profit after the successful acquisition of ZC.

(b) Early-Stage Development

ZC has not begun to market any product or to generate revenues. The Resulting Issuer expects to spend a significant amount of capital to fund research and development and on further laboratory and animal studies. As a result, the Resulting Issuer expects that its operating expenses will increase significantly and, consequently, it will need to generate significant revenues to become profitable. Even if the Resulting Issuer does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Resulting Issuer cannot predict when, if ever, it will be profitable. There can be no assurances that the Intellectual Property of ZC, or other technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed.

The Resulting Issuer will be undertaking additional laboratory and animal studies with respect to the Intellectual Property of ZC, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

(c) Ability to Manage Growth

Recent rapid growth in all areas of ZC's business has placed, and is expected to continue to place, a significant strain on its managerial, operational and technical resources. The Resulting Issuer expects operating expenses and staffing levels to increase in the future. To manage such growth, the Resulting Issuer must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the Resulting Issuer will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage the Resulting Issuer's expansion could have a material adverse effect on its business and results of operations.

(d) Unproven Market

The Resulting Issuer believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.

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**13. RISKS AND UNCERTAINTIES (CONT'D)**

(e) Manufacturing, Medical Devices Development and Marketing Capability

The Resulting Issuer has no and does not expect to have any in-house manufacturing, pharmaceutical development or marketing capability. To be successful, a product must be manufactured and packaged in commercial quantities in compliance with regulatory requirements and in reasonable time frames and at accepted costs. The Resulting Issuer intends to contract with third parties to develop its products. No assurance can be given that the Resulting Issuer or its suppliers will be able to meet the supply requirements of the Resulting Issuer in respect of the product development or commercial sales.

Production of therapeutic products may require raw materials for which the sources and amount of supply are limited or may be hindered by quality or scheduling issues in respect of the third-party suppliers over which the Resulting Issuer has limited control. An inability to obtain adequate supplies of raw materials could significantly delay the development, regulatory approval and marketing of a product. The Resulting Issuer has limited in-house personnel to internally manage all aspects of product development, including the management of multi-center clinical trials. The Resulting Issuer is significantly reliant on third party consultants and contractors to provide the requisite advice and management. There can be no assurance that the clinical trials and product development will not encounter delays which could adversely affect prospects for the Resulting Issuer's success.

To be successful, an approved product must also be successfully marketed. The market for the Resulting Issuer's product being developed by the Resulting Issuer may be large and will require substantial sales and marketing capability. At the present time, neither the Company nor ZC has any internal capability to market medical devices. The Resulting Issuer intends to enter into one or more strategic partnerships or collaborative arrangements with medical devices companies or other companies with marketing and distribution expertise to address this need. If necessary, the Resulting Issuer will establish arrangements with various partners for geographical areas. There can be no assurance that the Resulting Issuer can market or can enter into a satisfactory arrangement with a third party to market a product in a manner that would assure its acceptance in the marketplace. However, if a satisfactory arrangement with a third party to market and/or distribute a product is obtained; the Resulting Issuer will be dependent on the corporate collaborator(s) who may not devote sufficient time, resources and attention to the Resulting Issuer's programs, which may hinder efforts to market the products. Should the Resulting Issuer not establish marketing and distribution strategic partnerships and collaborative arrangements on acceptable terms, and undertake some or all of those functions, the Resulting Issuer will require significant additional human and financial resources and expertise to undertake these activities, the availability of which is not guaranteed.

The Resulting Issuer will rely on third parties for the timely supply of raw materials, equipment, contract manufacturing, and formulation or packaging services. Although the Resulting Issuer intends to manage these third-party relationships to ensure continuity and quality, some events beyond the Resulting Issuer's control could result in complete or partial failure of these goods and services. Any such failure could have a material adverse effect on the financial conditions and result of operation of the Resulting Issuer.

(f) Pre-Clinical Studies and Initial Clinical Trials are not Necessarily Predictive of Future Results

Pre-clinical tests and Phase I and Phase II clinical trials are primarily designed to test safety and to understand the side effects of product candidates at various doses and schedules. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful, nor does it predict final results. Favorable results in early trials may not be repeated in later trials.

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**13. RISKS AND UNCERTAINTIES (CONT'D)**

**(f) Pre-Clinical Studies and Initial Clinical Trials are not Necessarily Predictive of Future Results**

A number of companies in the life sciences industry have suffered significant setbacks in advanced clinical trials, even after positive results in earlier trials. Clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. Negative or inconclusive results or adverse medical events during a clinical trial could cause a clinical trial to be delayed, repeated or terminated. Any pre-clinical data and the clinical results obtained for our technologies may not predict results from studies in larger numbers of subjects drawn from more diverse populations or in the commercial setting, and also may not predict the ability of our products to achieve their intended goals, or to do so safely.

**(g) Government Regulations**

The products developed by ZC are classified as medical devices and are subject to extensive regulation in the United States by the FDA, Canada by Health Canada, and by comparable government agencies in other countries. The regulations govern the development, design, approval, manufacturing, labeling, importing and exporting and sale and marketing of many of our medical products. These regulations are also subject to future change. Failure to comply with applicable regulations and quality assurance guidelines could lead to manufacturing shutdowns, product shortages, delays in product manufacturing, product seizures, recalls, operating restrictions, withdrawal or suspension of required licenses, and prohibitions against exporting of products to, or importing products from, certain countries. Successful execution of the Company's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the manufacturing and sale of its products, including maintaining and renewing its licenses. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Resulting Issuer's business. Neither ZC nor the Company can predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on their business. Public opinion can also exert a significant influence over the regulation of the medical devices industry. A negative shift in the public's perception of certain medical devices could affect future legislation or regulation in different jurisdictions.

**(h) Raw Materials and Product Supply**

Raw materials and supplies are generally available in quantities to meet the needs of the Resulting Issuer's business. The Resulting Issuer will be dependent on third-party manufacturers for the pharmaceutical products that it markets. An inability to obtain raw materials or product supply could have a material adverse impact on the Resulting Issuer business, financial condition and results of operations.

**(i) Need for Additional Capital and Access to Capital Markets**

The Company anticipates that the Resulting Issuer will need additional capital to complete its current research and development programs. It is anticipated that future research, additional pre-clinical studies and manufacturing initiatives, including that to prepare for market approval and successful product market launch will require additional funds. Further financing may dilute the current holdings of shareholders and may thereby result in a loss for shareholders. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable for these or other purposes, or to fulfill the Resulting Issuer's obligations under the various license agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development of the Resulting Issuer's technologies with the possible loss of license rights to these technologies.

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**13. RISKS AND UNCERTAINTIES (CONT'D)**

(j) Competition

The market for ZC's technology (Candidiasis treatment) is highly competitive. The Resulting Issuer will compete with other research teams who are also examining potential therapeutics with regards to treatment of VVC. Many of its competitors have greater financial and operational resources and more experience in research and development than the Resulting Issuer. These and other companies may have developed or could in the future develop new technologies that compete with the Resulting Issuer's technologies or even render its technologies obsolete.

Competition in ZC's markets is primarily driven by:

- timing of technological introductions;
- ability to develop, maintain and protect proprietary products and technologies; and
- expertise of research and development team.

(k) Intellectual Property

ZC's success depends to a significant degree upon its ability to develop, maintain and protect proprietary products and technologies. ZC files patent applications in the United States, Canada, Europe, and selectively in other foreign countries as part of its strategy to protect its proprietary products and technologies. However, patents provide only limited protection of ZC's intellectual property. The assertion of patent protection involves complex legal and factual determinations and is therefore uncertain and expensive. ZC cannot provide assurances that patents will be granted with respect to any of its pending patent applications, that the scope of any of its patents will be sufficiently broad to offer meaningful protection, or that it will develop additional proprietary technologies that are patentable. ZC's current patents could be successfully challenged, invalidated or circumvented. This could result in ZC's patent rights failing to create an effective competitive barrier. Losing a significant patent or failing to get a patent to issue from a pending patent application that ZC considers significant could have a material adverse effect on ZC's business. The laws governing the scope of patent coverage in various countries continue to evolve. The laws of some foreign countries may not protect ZC's intellectual property rights to the same extent as the laws of Canada, Israel and the United States. ZC holds patents only in selected countries. Therefore, third parties may be able to replicate ZC technologies covered by ZC's patents in countries in which it does not have patent protection.

(l) Litigation to Protect the Resulting Issuer's Intellectual Property

The Resulting Issuer's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Resulting Issuer will not be challenged. The Resulting Issuer's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Resulting Issuer's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Resulting Issuer's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Resulting Issuer's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Resulting Issuer's favour.

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**13. RISKS AND UNCERTAINTIES (CONT'D)**

(m) Legal Proceedings

In the course of the Resulting Issuer's business, the Resulting Issuer may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Resulting Issuer asserting that it has misappropriated their technologies and had improperly incorporated such technologies into the Resulting Issuer's products. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Resulting Issuer's business. In the future, the Resulting Issuer may be made a party to litigation involving intellectual property matters and such actions, if determined adversely, could have a material adverse effect on ZC and its business.

(n) Dependence upon Management

The Resulting Issuer's success has depended and continues to depend upon its ability to attract and retain key management, including the officers and technical experts. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Resulting Issuer's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Resulting Issuer's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Resulting Issuer, results of operations of the business and could limit the Resulting Issuer ability to develop and market its products. The loss of any of the Resulting Issuer senior management or key employees could materially adversely affect the Resulting Issuer's ability to execute the Resulting Issuer's business plan and strategy, and the Resulting Issuer may not be able to find adequate replacements on a timely basis, or at all.

(o) Product Liability

Resulting Issuer's products will be produced for sale both directly and indirectly to end consumers, and therefore it might face an inherent risk of exposure if product liability claims, regulatory action and litigation of Resulting Issuer's products are alleged to have caused significant loss or injury. Previously unknown adverse reactions resulting from human use of the company's products alone or in combination with other medications could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that our products caused injury or illness or include inadequate instructions for use or warnings concerning possible side effects. A product liability claims or regulatory action against the company could result in increased costs to produce its products and could have a material adverse effect on its business and operational results.

(p) Nature of Securities

The acquisition of the Company's shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. These shares are speculative and should not be acquired by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major portion of an investor's portfolio.

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**13. RISKS AND UNCERTAINTIES (CONT'D)**

(q) Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States, Canada and Israel have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. The future market price of the Resulting Issuer's common shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in their respective results of operations, changes in financial estimates by securities analysts, changes in metal prices, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the Resulting Issuer's common shares. It may be anticipated that any quoted market for the Resulting Issuer's common shares will be subject to market trends generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings. The value of the Resulting Issuer's common shares will be affected by such volatility.

(r) No Public Trading Market

Currently there is no public market for the Resulting Issuer Shares, and there can be no assurance than an active market for the Resulting Issuer Shares will develop or be sustained after the Listing. If an active public market for the Resulting Issuer Shares does not develop, the liquidity of an investor's investment may be limited and the share price may decline.

(s) Risk Associated with Foreign Operations in Other Countries

The Resulting Issuer's primary revenues are expected to be achieved in Israel, United States and Canada. However, the Resulting Issuer may expand to markets outside of the aforementioned countries and become subject to risks normally associated with conducting business in other countries. The Resulting Issuer cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Resulting Issuer's business.

Risks the Resulting Issuer may face in operating in foreign jurisdictions include unforeseen government actions, acts of God, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls, export controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or other events. All or any of these factors, limitations, or the perception thereof could impede the Resulting Issuer's activities, or otherwise have an adverse impact on the Resulting Issuer's valuation and stock price.

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**13. RISKS AND UNCERTAINTIES (CONT'D)**

(t) Increased Expenses as a Result of Being a Public Company

The Resulting Issuer expects to incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact performance and could cause results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSXV may substantially increase expenses, including legal and accounting costs, and makes some activities more time consuming and costly. Reporting obligations as a public company and anticipated growth may place a strain on financial and management systems, processes and controls, as well as on personnel.

The Resulting Issuer also expects securities laws, rules and regulations to make it more expensive to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult to attract and retain qualified persons to serve on the Board or as officers. As a result of the foregoing, the Resulting Issuer expects a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact financial performance and could cause results of operations and financial condition to suffer.

(u) Limited Experience Managing a Public Company

The individuals who will constitute the Resulting Issuer's senior management team have relatively limited experience managing a publicly traded company and limited experience complying with the increasingly complex laws pertaining to public companies compared to senior management of other publicly traded companies. The Resulting Issuer's senior management team may not successfully or efficiently manage the transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from senior management and could divert their attention away from the day to day management of the Resulting Issuer business.

(v) Enforcement of Judgments Against Foreign Persons

A number of the proposed directors and officers of the Resulting Issuer reside outside of Canada. Some or all the assets of such persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

(w) Risks Associated with Israel-Hamas War

On October 8, 2023, State of Israel declared war on Hamas, a U.S. designated Foreign Terrorist Organization and a terrorist entity pursuant to Anti-Terrorism Act (S.C. 2001, c. 41).

In addition to the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the current armed conflict in Israel and the Gaza Strip (the "War"), ZC has some of its direct business operations in Israel and its exposure to the current conflict can severely affect its business and operation. ZC might experience:

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### RISKS AND UNCERTAINTIES (CONT'D)

(w) Risks Associated with Israel-Hamas War (cont'd)

- disruptions to its operations and business continuity, including physical damage or impaired access to company facilities, offices or technology, and disruptions in access to electricity, gasoline or water;
- workforce disruptions, including impact on key individuals (employees, directors, officers or partners), mobilization of employees who are members of the Israeli military reserves to active duty, disrupted communication with employees in the conflict zone and restrictions on movement in areas subject to armed conflict;
- disruptions to the company's customers and markets;
- supplier, vendor and supply chain disruptions;
- uncertainty around trade routes;
- availability of travel to and from the region, insurance exclusions applicable to outbreak or escalation of armed conflict, declarations of war and/or terrorist acts; and
- other uncertainties as a result of the War.

(x) TSXV approval

The completion of the proposed Transaction is subject to the approval of the TSXV, which approval may not be obtained.

(y) Conflicts of Interest

Certain of the proposed directors and officers of the Resulting Issuer are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including research and development companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

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### 14. CONTINGENCIES AND COMMITMENTS

The Company is not contingently liable with respect to litigation, claims, and environmental matters, including those that could result in mandatory damages or other relief. Any expected settlement of claims in excess of amounts recorded will be charged to the statements of loss and comprehensive loss as and when such determination is made.

### 15. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Company's audit committee and Board of Directors. The accompanying financial statements are prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of two independent directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

## SCHEDULE "G"

### APPENDIX "A" FORM 2B PERSONAL INFORMATION COLLECTION POLICY

#### Collection, Use and Disclosure

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the "Exchange") collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals' involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

#### Questions

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.