ZERO CANDIDA TECHNOLOGIES INC.

FORM 51-102F1

Management's Discussion and Analysis

For the 3 and 9 months ended September 30, 2025

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 9 and 3 months ended September 30, 2025. This MD&A is dated November 27, 2025, and should be read in conjunction with the audited annual financial statements and related notes for the year ended December 31, 2024 (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 Zero Candida Technologies Inc and its operations.

2. FORWARD-LOOKING INFORMATIONHD

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.

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

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, 37ºC 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.

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 protype (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.

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).

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.

(g) Management and key employees

Eli Ben-Haroosh - President, CEO and Director

Mr. Ben-Haroosh is a seasoned executive and prior to joining Zero Candidahe 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.

3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)

(g) Management and key employees (cont'd)

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

Igor Kostioutchenko, Director

Christina Cameron, Director

(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.

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 Canadian 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

(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.

(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	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 9 and 3 months ended September 30th, 2025, and 2024:

Profit or loss

	For the 9-month period ended 2025-09-30	For the 9-month period ended 2024-09-30	For the 3-month period ended 2025-09-30	For the 3-month period ended 2024-09-30
REVENUES	**-**	**-**	**-**	
DIRECT COSTS	**-**	**-**	**-**	
GROSS PROFIT	**-**	**-**	**-**	
EXPENSES				
Research and development	(479)	(889)	(116)	(294)
General and administrative expenses	(392)	(567)	(88)	(249)
Issuance costs in reverse acquisition	-	-	-	
Net Operating loss	(871)	(1,456)	(204)	(543)
Finance expense (income), net	99	71	19	72
LOSS	**(772)**	**(1,385)**	**(185)**	**(471)**
Foreign currencies translation adjustments	28	14	288	(229)
NET LOSS AND COMPREHENSIVE LOSS	**(744)**	**(1,371)**	**103**	**(700)**

(Expressed in thousands of Canadian dollars)

4. RESULTS FROM OPERATIONS (CONT'D)

(a) Select annual information (cont'd)

Financial position

	2025-09-30	2024-09-30	2024
Total assets	2,595	2345	3,215
Total liabilities	957	619	873
Working capital	1,636	1,718	2,361

(b) Revenues

As the company's product are still in the development phase, for the 9 and 3 months ended September 30, 2025, and for the 9 and 3 months ended September 30, 2024, 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 9 and 3 months ended September 30, 2025, and for the 9 and 3 months ended September 30, 2024, were zero.

(c) Research and Development expenses

	For the 9-month period ended 2025-09-30	**For the 9-month period ended 2024-09-30**	**For the 3-month period ended 2025-09-30**	**For the 3-month period ended 2024-09-30**
	CAD	CAD	CAD	
Payroll	**174**		**39**	
Share-based payment expenses	**34**		**0**	
Advertisement	**0**		**0**	
Raw Materials	**15**		**0**	
Other expense	**256**		**77**	
	479		**116**	

For the 9 and 3 months ended September 30, 2025, research and development expenses amounted to 479 CAD, and 195 CAD.

(d) Selling, general and administrative expenses

	For the 9-month period ended 2025-09-30	**For the 9-month period ended 2024-09-30**	**For the 3-month period ended 2025-09-30**	**For the 3-month period ended 2024-09-30**
	CAD	CAD	CAD	CAD
Payroll	**70**		**10**	
Share-based payments	**0**		**0**	
Professional fees	**190**		**11**	
Marketing and advertising	**20**		**5**	
Related parties	**0**		**0**	
Other expense	**112**		**62**	
	392		88	

(Expressed in thousands of Canadian dollars)

5. RESULTS FROM OPERATIONS (CONT'D)

Selling, general and administrative expenses for the 9 and 3 months ended September 30, 2025, amounted to 392 CAD, and 37 CAD.

(e) Financial expenses

For the 9 and 3 months ended September 30, 2025, the financial expenses amounted 99 CAD and 19 CAD in comparison to the 71 CAD and 72 CAD 9- and 3-months last year respectively.

(f) Operating loss

For the first 9 months of 2025, operating loss amounted to 744 CAD in addition to 6,083 CAD, and 2,557 CAD for the years 2024 and 2023. In 2024 the increase in loss was primarily attributed to Issuance costs of 4,000 CAD in reverse acquisition.

The Company has incurred continuous losses from its research and development activities and has generated negative cash flows from operating activities of 732 CAD in the first 9 months of 2025 in addition to and CAD 940 during 2024.

The Company has so far financed its operations mainly through equity resulting from raising capital. The Company is expected to generate further 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 has 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 September 30, 2025, the Company's balance of cash and cash equivalents and bank deposits in total amount of CAD 2,517.

5. SUMMARY OF QUARTERLY RESULTS

Three-month period ended	Total revenue	Total loss	Basic income (loss) per share	Total assets
	CAD	CAD	CAD	CAD
30-Sep-25	0	103	0	2595
30-Jun-25	0	363	**(0.00)	2765
31-Mar-25	0	511	**(0.00)	3020
31-Dec-24	0	6083	**(0.00)	3214

(Expressed in thousands of Canadian dollars)

6. 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.

The plan is intended to grant employees and 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.

The plan also allows granting options to service providers and shares in accordance with the provisions 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 from the date of grant, and accordingly, the employees will be subject to 25% tax deduction on the benefits arising from exercising the options and the Company will not be allowed to claim as an expense for tax purposes the amounts credited as compensation to the employees.

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.

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 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.

Following is a summary of the status of the stock options plan as of December 31, 2024, and 2022, and the changes during the years ended on these dates:

	2024		*2023	
	Number	Exercise price	Number	exercise price
Options outstanding at beginning of year	246,438	0.077	145,500	0.0037
Changes during the year:				
Granted	24,822	17.537-0.033	100,938	5.8456-0.0037
Exercised	123,704	3.53	-	-
Expired	3,504	-	-	-
Forfeited	13,795	-	-	-
Options outstanding at end of year	130,257	0.575	246,438	0.077
Options exercisable at year-end (fully vested)	110,645	3.53	131,546	0.003

7. LIQUIDITY AND CAPITAL RESOURCES

(a) Overview

The general objectives of our capital management strategy are to ensure financial stability and sufficient liquidity toincrease 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:

The Company has incurred continuous losses from its research and development activities and has generated negative cash flows from operating activities of CAD 738 in the first 9 months of 2025 and CAD 939 and CAD 669 during 2024 and 2023, respectively.

As of September 30, 2025, the Company's balance of cash and cash equivalents and bank deposits in total amount of CAD 2,517.

During 2024 the Company has recorded losses of 6,083 CAD, of which 4,000 CAD was attributed to Issuance and reverse acquisition.

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 September 30, 2025, the Company had total assets in excess of total liabilities of 1,638 CAD (As at December 31, 2024 – 2,341 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 September 30, 2025, the Company had total assets in excess of total liabilities of 1,638 CAD (December 31, 2024 – 2,341 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.

8. LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
CAD in thousands

	Share Capital	Share Premium	Share-based Payments	Foreign Currencies translation adjustments	Accumulated Deficit	Total
Balance as of January 1, 2023*	**-	**37**	**1,386**	2	**(1,680)**	**(255)**
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*	**-	**2,295**	**3,155**	**44**	**(4,193)**	**1,301**
Issuance of shares	-	5,157	(2,607)	-	-	2,550
Share-based payments	-	-	1,010	-	-	1,010
Loss for the year	-	-	-	-	(6,283)	(6,283)
Other comprehensive loss	-	-	-	(200)	-	(200)
Reverse acquisition	196	3,768	-	-	-	3,963
Balance as of December 31, 2024	**196**	**11,220**	**1,558**	**(156)**	**(10,476)**	**2,341**
Issuance of shares	-	**121**	**(121)**	-	-	-
Share-based payments	-	-	**36**	-	-	36
Loss for the year	-	-	-	-	**(587)**	(587)
Other comprehensive loss	-	-	-	**(260)**	-	(260)
Reverse acquisition	-	-	-	-	-	
Balance as of June 30, 2025	**196**	**11,341**	**1,473**	**(416)**	**(11,063)**	**1,531**

* See Note 1 A for a reverse acquisition
** Represent amount less than CAD 1

(e) Contractual obligations

As at September 30, 2025, the Company had no debt guarantees, off-balance sheet arrangements or long-term obligations, other than related parties' transactions in article 11 below.

8. 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.

9. 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.

10. RELATED PARTY TRANSACTIONS AND BALANCES

The CEO and the President of the Company has undertaken to defer the payment of their consulting fees under consulting agreements. Included in accounts payable, including related parties is $879 due to key management personnel as at September 30, 2025 (December 31, 2024 – $773).

11. 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.

11. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)**

(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.

(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.

12. RISKS AND UNCERTAINTIES

The 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.

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.

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.

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.

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.

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.

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:

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.

13. 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.

14. 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.