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ZERO CANDIDA TECHNOLOGIES INC.

(formerly 1319743 B.C. Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of Zero Candida Technologies Inc. (formerly 1319743 B.C. Limited) and its subsidiary company (hereafter: the "Company"), which comprise the statements of financial position as of 31 December 2024 and 2023 and the consolidated statements of comprehensive income, statements of changes in shareholders' capital and statements of cash flows for the three years ended on 31 December 2024, 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 of 31 December 2024 and 2023, and its financial performance and comprehensive income, changes in shareholders' capital, and cash flows for the three years ended on 31 December 2024 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.

As discussed in Note 1A to consolidated financial statements the comparative financial information as of December 31, 2023, and for the two years ended on December 31, 2023, consist of the financial information of 1319743 B.C. Limited that is considered as the accounting acquirer in a reverse acquisition.

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 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, 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.

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Key Audit Matter - Going Concern

As described further in Note 1 E to the financial statements, the Company has incurred losses each year from inception through December 31, 2024, and expects to incur additional losses in the future.

We determined the Company's ability to continue as a going concern is a key audit matter due to the estimation and uncertainty regarding the Company's future cash flows and the risk of bias in management's judgments and assumptions in estimating these cash flow.

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:

Other information included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

The Company's 2024 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 auditor's 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 for the year ended 31 December 2024 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 1 E, since inception the Company has incurred continuous losses from its research and development activities aggregate to 6,283 CAD and has generated negative cash flows from operating activities of CAD 939 thousand and CAD 669 thousand during 2024 and 2023, respectively, which were finance by 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 activities.

As of December 31, 2024, the Company's balance of cash and cash equivalents and bank deposits is 3,052 CAD thousands.

Mr. Eli Ben Harush CEO of the Company and Mr., Asher Holzed the Chairman of the Board of Directors of the Company has undertaken to defer the payments of their consulting fees under the consulting agreements. As of December 31, 2024, the outstanding fees owe by the Company to its CEO and the President aggregate amount of CAD 773 thousand, which is considered overdue under the provisions of the consulting agreements.

All these factors raise substantial doubt about its ability to continue as a going concern, and dependent on the Company to meet the factors of the business plan designed by Management, forecasts and related key assumption, potential liquidity risks and cash flow projection

The 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 reviewed the Company's forecast of operating results, cash flow projections and potential liquidity risks; and concluded that the Company have sufficient resources for the continuation of its activities and to meet its obligation in the foreseeable future.

The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty 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.

- (2) 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 in comparison to its competitors, compliance with regulatory and standard requirements, dependence on professional and key personnel, fund raising for R&D activities 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 market medical devices that meet market requirements in quality and prices, are not guaranteed.

The Company's research and development activity is affected by the various supervisory authorities' policy to approve its products. 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.


Ovadia Kriheli & Co.
Certified Public Accountants (Isr)

Members of BOKS International

March 26, 2025

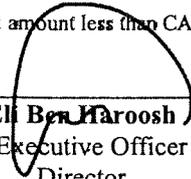
ZERO CANDIDA TECHNOLOGIES INC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

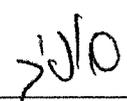
CAD in thousands

	Note	As of December 31,	
		2024	*2023
Assets			
Current assets			
Cash in banks		241	174
Bank Deposits	6	2,811	1,465
Other accounts receivable	4	134	54
Total current assets		3,186	1,693
Non-current assets			
Right for use of leased assets		28	35
Total non-current assets		28	35
Total assets		3,214	1,728
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable		4	2
Other accounts payable, including related parties	7	840	390
Current maturities of lease liabilities		9	8
Total current liabilities		853	400
Non-current liabilities			
Lease liabilities		20	27
Total non-current liabilities		20	27
Total liabilities		873	427
Shareholders' Equity			
	8		
Share capital		195	-**
Share premium		11,220	2,295
Share-based payments		1,558	3,155
Foreign currency translation adjustments		(156)	44
Accumulated deficit		(10,476)	(4,193)
Total equity		2,341	1,301
Total equity and liabilities		3,214	1,728

*See Note 1 A for reverse acquisition

** Represent amount less than CAD 1


Eli Ben Haroosh
 Chief Executive Officer and
 Director


Sophie Galper Komet
 Chief Financial Officer

March 26, 2025
 Date of approval of the
 financial statements

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

ZERO CANDIDA TECHNOLOGIES INC
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

CAD in thousands

	Note	For the year ended December 31,		
		2024	*2023	*2022
Research and development expenses	9	(1,276)	(1,868)	(1,466)
General and administrative expenses	10	(965)	(649)	(214)
Issuance costs in reverse acquisition	1	(4,000)	-	-
Net operating loss		(6,241)	(2,517)	(1,680)
Finance expense		(141)	-	-
Finance income		99	4	-
Loss		(6,283)	(2,513)	(1,680)
Other comprehensive loss:				
Amounts that will not be reclassified subsequently to profit or loss:				
Foreign currencies translation adjustments		200	(44)	(2)
Total other comprehensive income (loss)		200	(44)	(2)
Total comprehensive loss		(6,083)	(2,557)	(1,682)
Loss per share attributable to ordinary shareholders of the Company:				
Basic and Diluted loss per share	12	** (0.00)	** (0.00)	** (0.00)

* See Note 1 A for a reverse acquisition

** Represent amount less than CAD 0.01

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

ZERO CANDIDA TECHNOLOGIES INC
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, 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*	**-	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	195	3,768	-	-	-	3,963
Balance as of December 31, 2024	195	11,220	1,558	(156)	(10,476)	2,341

* See Note 1 A for a reverse acquisition

** Represent amount less than CAD 1

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

ZERO CANDIDA TECHNOLOGIES INC
CONSOLIDATED STATEMENTS OF CASH FLOWS

CAD in thousands

	For the year ended		
	December 31,		
	2024	* 2023	* 2022
<u>Cash flows from operating activities</u>			
Loss	(6,283)	(2,513)	(1,680)
Adjustments required for presenting Cash flows and cash equivalents from operating activities (Appendix A):	5,343	1,844	1,647
Net cash used in operating activities	<u>(940)</u>	<u>(669)</u>	<u>(33)</u>
<u>Cash flows from investing activities</u>			
Long term deposits	(1,347)	(1,465)	-
Net cash used in investing activities	<u>(1,347)</u>	<u>(1,465)</u>	<u>-</u>
<u>Cash flows from financing activities</u>			
Shares issuance and premium on shares	2,550	2,258	37
Repayment of lease	4	2	-
Net cash provided by financing activities	<u>2,554</u>	<u>2,260</u>	<u>37</u>
Net increase in cash in banks	267	126	4
Exchange rate differences on balances of cash in banks	(200)	42	2
Cash in banks at the beginning of year	174	6	-
Cash in banks at the end of year	<u>241</u>	<u>174</u>	<u>6</u>

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

	For the year ended		
	December 31,		
	2024	* 2023	* 2022
Significant non-cash transactions:			
Depreciation	(9)	(1)	-
Financing expenses, net	8	-	-
Share-based payments	1,010	1,768	1,386
Issuance costs in reverse acquisition	4,000	-	-
Changes in operating assets and liabilities:			
Increase in accounts payable	416	123	269
Increase in other accounts receivable	(80)	(46)	(8)
	<u>5,345</u>	<u>1,844</u>	<u>1,647</u>

* See Note 1 A for a reverse acquisition

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

ZERO CANDIDA TECHNOLOGIES INC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024

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", "ZC") 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.

Zero Candida entered into a triple sleeve reverse merger agreement (the "Agreement") with the Stock Exchange Skeleton 1319743 Ltd. ("131") pursuant to the agreement, ZC and 131 agreed to a proposed purchase by ZC of 100% of the issued and outstanding securities of Zero Candida in exchange for the issuance of ZC's securities. The transaction was intended to constitute a reverse takeover of ZC. In accordance with the agreement, the transaction was 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, was merge with Zero Candida. The reverse merge consisted of two simultaneous mergers, whereby, ZC merged 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.

On November 13,2024, "Zero Candida Technologies Inc." (formerly 1319743 B.C. Ltd.) (the "**Company**") closed its business acquisition of Zero Candida, accordingly, the company changed its name to Zero Candida Technologies Inc.

The Company (i) completed the 131 Share Split following which the Company had a total of 2,000,000 131 Shares issued and outstanding; (ii) issued 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 issued 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.

immediately following the completion of the Acquisition, the following persons were appointed as officers of the Company: 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.

On November 25th Company's shares commenced trading on TSX Venture Exchange (the "TSXV") under the ticker symbol "ZCT".

ZERO CANDIDA TECHNOLOGIES INC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024

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)

The purchase price for the acquisition was approximately CAD 4 million, determined in accordance with the value of ZC LTD.'s capital instruments on November 25, 2024. The excess purchase price over the carrying amount of assets and liabilities value of the Company's in the amount of approximately CAD 4 million was recorded as registration expenses (issuance expenses) within the profit or loss statements.

The results of the merger transaction by share split resulted in the fact that, from a legal point of view, the company owns Zero Candida Ltd. Since the controlling owners of Zero Candida Ltd. gain control of the company, it was determined that Zero Candida Ltd. is the accounting acquirer of the activity and therefore the transaction was treated as a reverse acquisition which does not constitute Business combination.

Accordingly, in the consolidated financial statements the comparative financial information as of December 31, 2023 and for the two years ended on December 31, 2023, consist of the financial information of the Zero Candida that is considered as the accounting acquirer for accounting of reverse acquisition.

In connection with the reverse acquisition, the Israeli Tax Authorities issue to Zero Candida LTD tax ruling that under certain compliance with condition, including a restriction on performing a disposition of the Company and Zero Candida LTD shares, is differing the tax event arise in the acquisition to the date of actual disposal of the Company's and Zero Candida LTD Zero Candida LTD shares.

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 are patented and together they provide focused and very precise treatment, supported by proven scientific data.

The Company aims to create an approved pilot prototype for pre-clinical safety testing, followed by clinical testing on humans, that will start by the beginning of 2025.

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. Bio adhesion towards vaginal tissue could not be successfully evaluated, either in the rotating cylinder test or in the detachment test”.

B. Definitions

In these financial statements:

Related parties - as defined in IAS 24

CAD - Canadian dollar

Note 1 – General (Continued)

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 based on 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 in 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 plans and the ability to introduce to the markets medical devices that meets market requirements in quality and prices are 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.

Note 1 – General (Continued)

E. Financial position

The Company has incurred continuous losses from its research and development activities and has generated negative cash flows from operating activities of CAD 939 and CAD 669 during 2024 and 2023, respectively.

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 December 31, 2024, the Company's balance of cash and cash equivalents and bank deposits in total amount of CAD 3,052.

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 March 26, 2025.

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.

ZERO CANDIDA TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024**

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

Note 2 – Basis of presentation (Continued)**B. Use of estimates and judgments (Continued)**

Information about assumptions made by the Company 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 9.
Recognition of deferred tax asset in respect of tax losses	The probability that in the future there will be taxable profits against which carried forward losses can be utilized	Recognition or reversal of deferred tax asset in profit or loss	For information on losses for which a deferred tax asset was not recognized, see Note 11.
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.
Determining the lease term	In order to determine the lease term, the Group takes into consideration the period over which the lease is non-cancellable, including renewal options that are reasonably certain it will exercise and/or termination options that it is reasonably certain it will not exercise.	An increase or decrease in the initial measurement of a right-of-use asset and lease liability and in depreciation and financing expenses in subsequent periods.	See Note 5 regarding leases.
Determining the discount rate of a lease liability	The discount discounts the lease payments using its incremental borrowing rate.	An increase or decrease in the lease liability, right-of-use asset and depreciation and financing expenses recognized.	See Note 5 regarding leases.

C. Classification of expenses recognized in the statement of income

Preparation of the financial statements requires the Company to determine the fair value of certain assets and liabilities. Classification of expenses is 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.

Note 2 – Basis of presentation (Continued)

D. Determination of fair value

Preparation of the financial statements requires the Group to determine the fair value of certain assets and liabilities. When determining the fair value of an asset or liability, the Company 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:

- Financial instruments, derivatives and other assets and liabilities measured at fair value through profit or loss;
- Financial instruments measured at fair value through other comprehensive income
- Provisions;
- Assets and liabilities for employee benefits;

F. Foreign currency transactions

Functional and presentation currencies

The consolidated financial statements of the Company are presented in CAD (hereafter: “Presentation Currency”), which is the Company's reporting currency, and all values are rounded to the nearest thousands, except when otherwise indicated.

The New Israel Shekel (“NIS”) is the currency of the primary economic environment in which the operations of the Israel subsidiary company, (hereafter: “Functional Currency”).

Translation from Functional Currency to Presentation Currency 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.

Transactions, assets and liabilities in foreign currency

Transactions denominated in foreign currencies are initially recognized in 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 2 – Basis of presentation (Continued)

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. Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company that is controlled by the Company (subsidiary).

Significant intercompany balances and transactions and gains or losses resulting from intercompany transactions are eliminated in the consolidated financial statements.

Subsidiary is an entity controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control is lost. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group

Note 3 - Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the 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.

Note 3 - Material Accounting Policies (Continued)

C. Earnings (Loss) per share

Earnings per share are calculated by dividing the net income (loss) attributable to the 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 asset is 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.

Note 3 - Material Accounting Policies (Continued)

E. 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

Financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires. 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.

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

Note 3 - Material Accounting Policies (Continued)

E. Financial instruments (Continued)

(5) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Incremental costs directly attributable to an expected issuance of an instrument that will be classified as an equity instrument are recognized as an asset in deferred expenses in the statement of financial position. The costs are deducted from equity upon the initial recognition of the equity instruments or are amortized as financing expenses in the statement of income when the issuance is no longer expected to take place.

F. Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has the intention and sufficient resources to complete development and to use or sell the asset. The expenditure capitalized in respect of development activities includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

In subsequent periods, capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

As of December 31, 2024, the consolidated financial statements do not include development costs that were capitalized.

G. 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 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.

H. 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

Note 3 - Material Accounting Policies (Continued)

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 Company'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.

I. 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 Company in respect of services provided by employees up to the reporting date.

J. Taxes

Unrecognized deferred tax assets are reassessed by Management at each reporting date and are recognized to the extent that it is probable that the deferred tax asset be utilized against future taxable income.

As of December 31, 2024, Management believed that the deferred tax assets is not likely to be realizable against taxable income in the foreseeable future and therefore has provided a valuation allowance against the deferred tax asset.

ZERO CANDIDA TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024****CAD in thousands (except for number of shares and share price)****Note 3 - Material Accounting Policies (Continued)****K. New and revised standards and interpretations not yet adopted**

<u>Standard</u>	<u>Disclosure</u>	<u>Effective date and transition</u>	<u>Effects</u>
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	<p>This standard replaces IAS 1, <i>Presentation of Financial Statements</i>. The purpose of the standard is to provide improved structure and content to the financial statements, particularly the income statement.</p> <p>The standard includes new disclosure and presentation requirements that were taken from IAS 1, <i>Presentation of Financial Statements</i>, with small changes. 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 TECHNOLOGIES INC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024
CAD in thousands (except for number of shares and share price)

Note 4 – Other accounts receivable

	December 31,	
	2024	* 2023
Consist of:		
Government institute	30	20
Prepaid expenses	6	5
Other	98	29
Total	134	54

*See Note 1 A for a reverse acquisition

Note 5 - Lease commitments

On November 15, 2023, the Company and related company controlled by the Company's Charmain of the Board of Directors and by the Chief Executive officer of the Company, entered into a 24 month lease agreement for a laboratory site in Israel, with the following terms:

- For each month during the first year of lease – CAD 0.8 (2,250 NIS).
- For each month during the second year of lease – CAD 0.8 (2,306 NIS).

The Company has an option to extend the lease period by 24 months.

Management of the Company is of the opinion that the option to extend the lease period shall be exercised by the Company.

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

Amounts recognized in profit and loss:

	As of December 31,	
	2024	* 2023
Depreciation expense on right-of-use assets	9	1
Interest expense on lease liabilities	2	**-

*See Note 1 A for a reverse acquisition

** Represent amount less than CAD 1

ZERO CANDIDA TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024**

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

Note 6 - Bank Deposits

	Annual Interest	Period	As of December 31,	
			2024	* 2023
Consist of:				
Bank deposit 1	4.31%	6 months	1,811	1,095
Bank deposit 2	4.19%	6 months	603	370
Bank deposit 3	4.25%	6 months	397	-
Total			2,811	1,465

*See Note 1 A for a reverse acquisition

Note 7- Other accounts payable

	December 31,	
	2024	* 2023
Consist of:		
Employees for salaries and related social benefits	16	17
Related parties, Note 15	773	370
Other	51	3
Total	840	390

*See Note 1 A for a reverse acquisition

Note 8 - Shareholder's equity

The Company's share capital comprises of Ordinary Shares of 0.01 CAD nominal value each, as follows:

	31.12.2024		*31.12.2023	
	Authorized	Issued and paid up	Authorized	Issued and paid up
	Number of Ordinary Shares			
Ordinary Shares	19,533,037	19,533,037	10,000,000	1,499,941

*Refer to the company shares, see Note 1 A for a reverse acquisition

The following provides information of the rights under Zero Candida Ltd. Ordinary Shares and certain transaction of issuance Ordinary Shares prior to the merger transaction:

- (1) The Company's Ordinary Share provides its owners: voting rights, participants in the shareholder's meetings, earnings participant rights, and retain 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 Board of Directors and the Chief Executive Officer of the Company, for their par value of 0.001 NIS per Ordinary Share.
- (3) During the 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 the 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 TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024**

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

Note 8 - Shareholder's equity (Continued)

(5) During financial year ended December 31, 2024, 107,296 warrants and 123,704 stock options issued by the Company have been exercised into 231,000 ordinary shares of the Company upon a payment of their exercise price, net of direct issuance costs, of CAD 1,299 (3,589 NIS thousands). On October 30, 2024, 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' reverse acquisition:

The Company (i) completed the 131 Share Split following which the Company had a total of 2,000,000 131 Shares issued and outstanding; (ii) issued 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 issued 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. for further information, see Note 1 A for reverse acquisition.

Note 9 - Research and development expenses

	For the year ended December 31,		
	2024	*2023	*2022
Consist of:			
Payroll	235	99	-
Share-based payments	789	1,620	1,372
Professional fees	91	12	4
Material Consumed	39	46	-
Related parties, see Note 15	122	91	90
Total	1,276	1,868	1,466

*See Note 1 A for a reverse acquisition

ZERO CANDIDA TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024**

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

Note 10 - General and administrative expenses

	For the year ended		
	December 31,		
	2024	*2023	*2022
Consist of:			
Payroll	19	8	-
Share-based payments	222	148	14
Professional fees	406	33	19
Marketing and advertising	84	282	29
Related parties, see Note 15	204	139	150
Other expense	30	39	2
Total	965	649	214

*See Note 1 A for a reverse acquisition

Note 11 - Taxes on income**A. Tax rate**

The corporate tax rate applicable to Company's and its Israeli subsidiary company taxable income is 27% and 23%, respectively, at all reported years.

B. Tax assessment

The Company and its Israeli subsidiary company have not been assessed for tax purposes since incorporation.

C. Losses carry forward

As of December 31, 2024, the Israeli subsidiary Company has accumulated approximately CAD 1,256 losses carryforwards to be utilized against future taxable income for an indefinite period.

Additionally, the Israeli subsidiary company has for tax purposes a temporarily deferred research and development cost in approximate amount of CAD 371 to be realize to expenses during 2025 and 2026.

The Company has not recognized a deferred tax asset for losses carry forwards and temporarily deferred research and development cost, as it is not likely be realized against taxable income in the foreseeable future. see Note 3 I.

ZERO CANDIDA TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024****CAD in thousands (except for number of shares and share price)****Note 12 – 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 Ordinary Share:

Year ended December 31,			
2024		*2023	
Weighted number of shares	Loss attributable to equity holders of the Company	Weighted number of shares	Loss attributable to equity holders of the Company
<u>19,533,037</u>	<u>(6,159)</u>	<u>1,449,941</u>	<u>(2,513)</u>

*See Note 1 A for a reverse acquisition

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 13 - 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 by 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 on December 31, 2024, is CAD 2,344 (deficit of - CAD 1,301 at December 31, 2023). As of December 31, 2024, the Company is not subject to any externally imposed capital requirements.

See also Notes 1D and 1E.

ZERO CANDIDA TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024**

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

Note 14 - 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 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 2023, and the changes during the years ended on these dates:

	Year ended December 31			
	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	0.033-17.537	100,938	0.0037-5.8456
Exercised	123,704	3.53	-	-
Expired	3,504	-	-	-
Forfeited	13,795	-	-	-
Options outstanding at end of year	<u>130,257</u>	<u>0.575</u>	<u>246,438</u>	<u>0.077</u>
Options exercisable at year-end (fully vested)	<u>110,645</u>	<u>3.53</u>	<u>131,546</u>	<u>0.003</u>

*See Note 1 A for a reverse acquisition

ZERO CANDIDA TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024**

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

Note 14 - Share-based payments (Continued)

The fair value of the options granted was estimated using the Black-Scholes and Marton Pricing Model. The parameters used in the model at the date of grant are as follows:

	Year ended December 31	
	2024	*2023
Ordinary share fair value	15.9	15.9
Risk-free interest rate	4.2% - 4.67%	3.35% - 3.99%
Expected life of the options (in years)	2 - 4.25	4 - 7
Dividend yield	0%	0%
Volatility	29.12% - 25.2%	26.42% - 29.15%

*See Note 1 A for reverse acquisition

Note 15 - 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 conducts transactions with related parties in the ordinary course of business and are measured at fair value.

A. Balances with related parties:

	December 31	
	2024	*2023
Accounts payable -consulting fees and related expenses	773	370

*See Note 1 A for reverse acquisition

B. Transaction with related parties:

	December 31		
	2024	*2023	*2022
Consulting fee and related expenses – Director and Chief Executive Officer (1) (4)	204	240	240
Consulting fee and related expenses – Chairmen of the Board of Directors (2) (3) (4)	122	240	240

- (1) On January 3, 2022, the Company and Mr. Eli Ben Haroosh entered into a consulting service agreement, whereby Mr. Ben Haroosh shall act Chief Executive Officer of the Company for a period of one year to be extended for an additional 12 months, and will continue indefinitely. Pursuant to the agreement Mr. Ben Haroosh will be entitled for a monthly remuneration for service of CAD 14 (USD 10 thousands) and a monthly reimbursement of travel expenses not exceeding CAD 3.6 (USD 2.5 thousand). Payments to Mr. Ben Haroosh shall be deferred to a stage where the total aggregate amount of money raised by the Company will exceed CAD 1,438 (USD 1 million) and as long and the total amount of cash the Company has is above CAD 1,438 (USD 1 million). During 2024 the Company paid Mr. Ben Haroosh, under this consulting agreement, an aggregate remuneration of CAD 66.

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

Note 15 - Balances and transactions with related parties (Continued)

- (2) On January 3, 2022, the Company and Dr. Asher Holzer entered into consulting service agreement with the Company, whereby Dr. Asher Holzer shall act President and Chairmen of the Board of Directors of the Company, for a period of one year to be extended for an additional 12 months and will continue indefinitely. According to the agreement the Company will pay to Dr. Asher Holzer will be entitled to a monthly remuneration of CAD 7 (USD 5 thousands) and monthly reimbursement of travel expenses not exceeding USD 2.5. Payments to Mr. Holzer shall be deferred to a 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.
- (3) During 2023 the Company paid Dr. Asher Holzer prior to achieving the above milestones of an aggregate amount of raising, an advanced payment for jus remuneration in the amount of CAD 22. During 2024 the Company paid Dr, Asher Holzer, under this consulting agreement, an aggregate remuneration of CAD 60.
- (4) Mr. Eli Ben Harush CEO of the Company and Mr., Asher Holzer the Chairmen of the Board of Directors of the Company has undertaken to defer the payment of their consulting fees under consulting agreements, As of December 31, 2024, the Company owe the CEO and the Chairmen of the Board of Directors an aggregate amount of CAD 773, which is considered overdue under the provisions of the consulting agreements. The Outstanding unpaid consulting fee do not bear interest, however that their carrying amount approximate fair value and accordingly, the financial statements do not recognize the insignificant interest contribution by the CEO and Chairmen of the Board of Directors.
- (5) On November 25, 2024, the Company and Ms. Sophie Galper entered into a consulting service agreement, whereby Ms. Sophie Galper shall act Chief Finance Officer of the Company. According to the agreement Ms. Sophie Galper will be entitled to a monthly remuneration of CAD 3.
- (6) The Company is committed for a remuneration of stock-based payment to 5 directors serving the Company and appointed during 2024. As of the statement of financial position the shareholders of the Company have not yet resolve the stock-based payment plan and gratings. Accordingly, the financial statements do not include measurement and disclosure of the related compensation to these directors.

Note 16 – Financial instruments

A. Financial risks

The Company is in a 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 rate risk, as follows:

- Foreign Currency risk

The 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 foreign currency risk relates primarily to the Company's continuing operations (when research and development and other expenses for operations for are denominated in a different currency from the Company's functional currency) .

- Interest rate risk

The interest rate risk is the risk that the fair value or future cash flow 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.

ZERO CANDIDA TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024**

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

Note 16 – Financial instruments (Continued)

- 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 approximate their fair value.

C. Linkage terms of financial balances

	December 31, 2024			
	Linked to USD	Linked to consumer price index	Un linked	Total
Current assets:				
Cash un banks	-	-	241	241
Account receivable (net of prepaid expenses)	-	-	128	128
	<u>-</u>	<u>-</u>	<u>369</u>	<u>369</u>
Current liabilities:				
Suppliers and service providers	-	-	30	30
Other accounts payable and accrued liabilities	770	9	3	782
	<u>770</u>	<u>9</u>	<u>33</u>	<u>812</u>

ZERO CANDIDA TECHNOLOGIES INC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024**

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

Note 16 – Financial instruments (Continued)

	December 31, 2023*			Total
	Linked to USD	Linked to consumer price index	Un linked	
Current assets:				
Cash in banks	-	-	174	174
Accounts receivable	-	-	49	49
	<u>-</u>	<u>-</u>	<u>223</u>	<u>223</u>
Current liabilities:				
Accounts payable	-	-	2	2
Other accounts payable and accrued liabilities	370	8	20	398
	<u>370</u>	<u>8</u>	<u>22</u>	<u>400</u>

* See Note 1 A for a reverse acquisition