

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF PLANTIFY FOODS, INC. FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024

*This interim management's discussion and analysis ("MD&A"), prepared as of November 28, 2024, should be read in conjunction with the unaudited interim financial statements as at and for the nine-month period ended September 30, 2024, and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") (collectively referred to as the "Financial Statements"). All amounts are stated in U.S. dollars ("USD" or "\$") unless otherwise indicated. Additional information on the Company can be viewed at [www.plantifyfoods.com](http://www.plantifyfoods.com).*

*Statements in this MD&A that are not historical facts are "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Readers are cautioned not to put undue reliance on forward-looking statements.*

### COMPANY OVERVIEW

Plantify Foods, Inc. (the "Company" or "Plantify") is a Canadian company which was incorporated under the Business Corporations Act (British Columbia) on July 29, 2022. The Company's registered address is 2900-733 Seymour Street, Vancouver, Canada.

On July 29, 2022, the Company completed the business combination transaction with Peas of Bean Ltd. ("POB"). As a result of the business combination transaction, POB became a wholly owned subsidiary of the Company. This transaction is accounted for as a reverse takeover of the Company by POB.

The Company is engaged in the development, production and sales of plant-based foods out of its 100% owned subsidiary Peas Of Bean "POB", with its factory located in Kibbutz Gonen, Israel. The facilities currently have a production capacity of approximately 176,000 kg per month.

Plantify is a "Clean Label", food company addressing the growing consumer demand for food made with whole natural ingredients, no additives or chemical preservatives, that are appetizing and convenient to prepare. Plantify is setting the standard for Clean Label foods, producing food products that are tasty, healthy, preservative-free, allergen-aware, and minimally processed, which is achieved through its unique technology and proprietary knowhow.

Plantify currently sells its products in Israel, Europe and the U.S.

On April 5, 2023, the Company completed a securities exchange and convertible debenture private placement with N2OFF, Inc. (formerly Save Foods, Inc.) (Nasdaq: NITO) ("N2OFF"), a Delaware corporation traded on the Nasdaq Capital Market. ("NASDAQ"). Upon closing of these transactions, N2OFF held 30,004,349 common shares (150,022 post consolidation) of Plantify representing 19.99% of the issued and outstanding capital stock of Plantify immediately prior to the closing on a non-diluted basis (and 16.66% of the issued and outstanding capital stock of the Company immediately following the closing), and Plantify held 1,164,374 shares of common stock of N2OFF representing 19.99% of the issued and outstanding capital stock of N2OFF immediately prior to the closing on a non-diluted basis (and 16.66% of the issued and outstanding capital stock of N2OFF immediately following the closing). (the "Securities Exchange").

Concurrently with the closing of the Securities Exchange, Plantify issued to N2OFF a convertible debenture (the "Debenture") in the principal sum of CAD \$1,500,000 (the "Debenture Financing"). The Debenture bears interest at the rate of 8% per annum. The principal may be converted, at the sole discretion of N2OFF, into common shares of the Company at a price of CAD \$0.05 per share until the first anniversary of the debenture issuance date and CAD \$0.10 per share thereafter; the accrued interest may be converted at the Market Price of Plantify's common shares, subject to TSXV approval at the time of conversion. As security for repayment of the amounts payable under the Debenture, the Company has executed a general security agreement in favour of N2OFF and has pledged to N2OFF all of its assets.

On September 18, 2023 the Company announced the closing of a rights offering in which holders of record of its common shares purchased 183,555,707 Common Shares (917,779 post consolidation) at a subscription price of CAD \$0.01 per Common Share. All Rights were exercised which resulted in a raise of gross proceeds of CAD \$1,835,557.

On February 5, 2024 the Company issued a promissory note to YA II PN, Ltd in the principal amount of US\$400,000. The Note matures on February 2, 2025 and bears interest at an annual rate of 12% and payable on maturity.

On April 4, 2024 the Company signed a term sheet for a credit facility from N2OFF in the amount of up to US\$250,000 for 12 months carrying an interest rate of 8%. To date the Company has withdrawn US\$250,000 out of this credit facility.

On May 21, 2024, the Company announced that it has assessed the operations and sales over the past year to determine the best course of action to optimize production capabilities and reduce operational risk. The Company decided to focus its production on the highest margin products in an effort to stabilize the operations. However, POB has reached a point where it is unable to meet its financial obligations to employees, suppliers, and creditors, and is currently assessing solutions to continue its operations. If a solution cannot be found, it is expected that POB will seek creditor protection.

On July 16, 2024, the Company announced management changes with the resignation of Mr. Noam Ftecha as Director of POB effective July 10, 2024, and his resignation as CEO of POB effective August 11, 2024 (Mr. Ftecha resigned his position as a Director of Plantify effective June 17, 2024, see press release dated June 18, 2024). As well, Ms. Suzette Ramcharan resigned her position as CEO of Plantify effective August 14, 2024. The Company also announced that POB has reached a point where it is unable to meet its financial obligations to employees, suppliers, and creditors, and is currently assessing solutions to continue its operations. If a solution cannot be found, it is expected that POB will seek creditor protection.

On November 4, 2024, the Company announced a 1 for 200 consolidation of its outstanding common shares that became effective on November 8, 2024.

All shares, stock options, share purchase warrants and RSU's information in this MD&A have been restated to reflect the common share consolidation on a retroactive basis.

<b>SELECTED QUARTERLY INFORMATION</b>	<b>Nine Month period ended September 30, 2024 (USD in thousands)</b>	<b>Nine Month period ended September 30, 2023 (USD in thousands)</b>
Sales	353	441
Cost of sales	(460)	(511)
Research and development expenses	(21)	(28)
Selling, marketing and administrative expenses	(1,117)	(1,364)
Other income (expenses)	5	(108)
Finance expenses	(311)	(412)
Finance income	2	457
Impairment	1,142	-
Loss from marketable securities	(282)	(520)

Net loss	(2,973)	(2,045)
Items that will not be reclassified to income:		
Foreign currency translation differences	7	(288)
Net comprehensive loss	(2,966)	(2,333)
Total assets	413	3,710
Total current liabilities	3,157	2,537
Total non current liabilities	798	931
Total shareholders' deficit	(3,542)	242
Basic and diluted loss per share	(1.57)	(2.28)

**Nine-month Period ended September 30, 2024 compared to Nine-month Period ended September 30, 2023**

Sales for the nine-month period ended September 30, 2024, were \$353,000, a decrease of \$88,000, or approximately 20%, compared to \$441,000 for the nine-month period ended September 30, 2023. The decrease is mainly due to the ongoing war situation in Israel.

Cost of sales for the nine-month period ended September 30, 2024, were \$460,000, a decrease of \$51,000, or approximately 10%, compared to \$511,000 for the nine-month period ended September 30, 2023. The decrease is primarily due to the decrease in sales.

The following table summarizes the Company's cost of sales expenditures in the nine-month period ended September 30, 2024 compared to 2023:

	<b>Nine-months period ended</b>	
	<b>September 30,</b>	
	<b>US\$ in thousands</b>	
	<b>2024</b>	<b>2023</b>
Labor	122	174
Materials	175	183
Packaging	33	39
Manufacturing	130	115
Total	460	511

Research and development expenses for the nine-month period ended September 30, 2024, were \$21,000 a decrease of \$7,000 or 25%, compared to \$28,000 for the nine-month period ended September 30, 2023. The decrease is primarily due to the impact of the war in Israel.

The following table summarizes the Company's research and development expenditures in the nine-month period ended September 30, 2024 compared to 2023:

	<b>Nine-months period ended September 30,</b>	
	<b>US\$ in thousands</b>	
	<b>2024</b>	<b>2023</b>
Salaries and related expenses	21	28
IIA participation	-	-
<b>Total</b>	<b>21</b>	<b>28</b>

Selling, general and administrative expenses were \$1,117,000 for nine-month period ended September 30, 2024, a decrease of \$247,000, or approximately 18%, compared to \$1,364,000 for the nine-month period ended September 30, 2023. The decrease is primarily related to a \$202,000 decrease in salaries and related expenses and a \$60,000 decrease in professional services.

The following table summarizes the Company's general administration expenditures in the nine-month period ended September 30, 2024, compared to 2023:

	<b>Nine-months period ended September 30,</b>	
	<b>US\$ in thousands</b>	
	<b>2024</b>	<b>2023</b>
Salaries and related expenses	320	522
Delivery	51	47
Professional services	493	553
Car maintenance	14	18
Marketing	24	14
Depreciation	64	63
Share-based compensation	19	15
Rent and office maintenance	56	65
Other	79	67
<b>Total</b>	<b>1,117</b>	<b>1,364</b>

Loss from marketable securities for the nine-month period ended September 30, 2024 were \$282,000 a decrease of \$238,000 or 46%, compared to \$520,000 for the nine-month period ended September 30, 2023. This decrease was due to the loss incurred in our holdings of N2OFF common shares acquired as part of the securities exchange that closed on April 5, 2023.

Financial expenses for the nine-month period ended September 30, 2024, were \$311,000 a decrease of \$101,000 or 25%, compared to \$412,000 for the nine-month period ended September 30, 2023.

Financial income for the nine-month period ended September 30, 2024, were \$2,000 a decrease of \$455,000 or 99%, compared to \$457,000 for the nine-month period ended September 30, 2023. The decrease in financial income was mainly due to a high gain in 2023 from the warrants fair value revaluation.

Impairment expenses for the nine-month period ended September 30, 2024, were \$1,142,000 an increase of \$1,142,000 or 100%, compared to \$Nil for the nine-month period ended September 30, 2023. The increase in impairment expenses was due to the war situation in the north of Israel that has impacted the operations of POB.

## SELECTED QUARTERLY INFORMATION <sup>(1)(2)</sup>

### Three-Month period ended U.S. dollars in thousands

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Sales	26	167	160	163	175	117	149	91
Cost of sales	(77)	(195)	(188)	(164)	(192)	(131)	(188)	(149)
Research and development expenses	(3)	(9)	(9)	(8)	(9)	(9)	(10)	(11)
Selling, marketing and administrative expenses	(140)	(566)	(411)	(691)	(610)	(314)	(440)	(100)
Gain (Loss) from marketable securities	(38)	(133)	(111)	22	(94)	(426)	-	-
Finance expenses	(108)	(115)	(88)	144	(186)	(191)	(35)	4
Finance income	-	2	-	44	102	355	-	-
Impairment	(1,142)	-	-	-	-	-	-	-
Other income	-	-	5	-	-	-	-	-
Net loss	(1,482)	(849)	(642)	(490)	(814)	(599)	(524)	(206)
Net loss per share <sup>(3)</sup>	(0.004)	(0.002)	(0.002)	(0.001)	(0.004)	(0.003)	(0.004)	(0.01)

(1) Financial information prepared in accordance with IFRS

(2) Unaudited

(3) On a pre consolidation basis

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2024, the Company had cash on hand of \$30,000 (December 31, 2023 - \$259,000). As at September 30, 2024 the Company had a negative working capital of \$3,087,000 (December 31, 2023 – negative working capital of \$1,535,000).

The Company has not generated any material revenues and expects to continue to finance itself through raising adequate funds in the foreseeable future. The Company incurred a net loss of \$2,973,000 for the nine-month period ended September 30, 2024 and \$11,832,000 of accumulated deficit since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements were prepared on a going concern basis, which assumes that the Company will be able to obtain the necessary financing needed to realize its assets and discharge its liabilities in the normal course of business. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of the assets and liabilities.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

### *Changes in Cash Flow*

During the nine-month period ended September 30, 2024, the Company's overall position of cash and cash equivalents decreased by \$254,000 compared to an increase of \$1,179,000 in the same period in 2023. This decrease in cash can be attributed to the following:

- a) Cash used in operating activities during the nine-month period ended September 30, 2024, was \$554,000 as compared to net cash used in operating activity of \$1,398,000 in the same period in 2023. The decrease in net cash used in operating activities in the nine-month period ended September 30, 2024, is mainly due to an increase in trade payables and a loss from investment in marketable securities.
- b) Cash used in investing activities during the nine-month period ended September 30, 2024, was \$106,000 as compared to cash used in investing activities of \$96,000 in the same period in 2023. The increase in net cash used in investing activities is mainly due to an increase in Purchase of property and equipment.
- c) Cash provided by financing activities during the nine-month period ended September 30, 2024, was \$406,000 compared to cash provided by financing activity of \$2,673,000 in the same period in 2023. The decrease in net cash provided by financing activities is mainly due less funds received in 2024 from the issuance of shares, warrants and debentures.

### *No History of Dividends*

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its operations and execute on growth plans.

### **OFF BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements to which the Company is committed.

### **TRANSACTIONS WITH RELATED PARTIES**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's senior Management, who are considered to be key Management personnel by the Company.

Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following transactions arose with related parties (\$ in thousands):

#### Key management personnel compensation

Key management personnel compensation and directors fee comprised the following:

	<b>Nine months period ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>USD in thousands</b>	
Salary and related expenses (CEO, COO and VP Product Development of POB)	207	295
Professional services (CEO and CFO)	107	62
Interest expenses (CEO, COO and VP Product Development of POB)	8	3
Share Based Compensation (Directors and Officers)	42	-

## Liabilities to related parties

	September 30, 2024	December 31, 2023
	USD in thousands	
Trade payables (CEO and CFO)	44	25
Other payables (CEO, COO and VP Product Development of POB)	124	164
Shareholder's loan (CEO, COO and VP Product Development of POB)	125	170

### Subsequent event

On November 4, 2024, the Company announced a 1 for 200 consolidation of its outstanding common shares that became effective on November 8, 2024.

On November 15, 2024, the Company has entered into a debt settlement agreement with N2Off, pursuant to which the Company will settle in aggregate, CAD\$2,052,879.39 in outstanding debt through the issuance of 2,420,848 common shares in the capital of the Company to N2Off, at a deemed price of \$0.848 per Share.

The Company incurred the Debt as follows:

1. as to CAD\$1,691,342.47, through the issuance to N2Off a convertible debenture in the principal amount of \$1,500,000 which matured on October 4, 2024, plus accrued interest thereon in the amount of \$191,342.47; and
2. as to USD\$258,240.66 (approximately CAD\$361,536.92), through draws on a line of credit extended by N2Off in the aggregate amount of USD\$250,000 (approximately CAD\$350,000), plus accrued interest thereon in the amount of USD\$8,240.66 (approximately CAD\$11,536.92).

The Debt Settlement is subject to acceptance of the TSX Venture.

### Changes in Accounting Policies Including Initial Adoption

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2024, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### Financial Instruments and Financial Risk Exposures

#### (a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, account receivables, short term deposit, other account receivable, trade payables, short term bank loan and shareholder's loan, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

The Company's credit risk arises principally from the Company's receivables from customers. The carrying amounts of financial assets and contract assets represent the Company's maximum credit risk exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) Trade receivables, other receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 20% of the Company's revenue (2023: 26%) is attributable to sales transactions with a single customer. However, there is no concentration of credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Group only on a prepayment basis.

(e) Liquidity Risk

The Company monitors the risk to a shortage of funds using a liquidity planning tool.

Company's liquidity risk derives from Company's bank loan which carried at variable rate (Prime+5.1 percent). According to management assessment, the above risk considers immaterial.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts and bank loans.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

## Disclosure of Outstanding Share Data

### Common Shares on post consolidation basis

Issued & Outstanding as at September 30, 2024 and November 29, 2024	1,929,934
---	-----------

### Convertible Securities

### Exercise Price    Expiry Date

Stock Options	CAD\$20	December 16, 2029	2,000
---------------	---------	-------------------	-------

Stock Options	CAD\$24-44	February 26, 2028	2,358
Stock Options	CAD\$24	March 20, 2028	13,250
Stock Options	CAD\$7	September 14, 2028	27,500
<b>Fully Diluted Share Capital</b>			<b>1,975,042</b>

## RISKS

### Capital and Liquidity Risk

The amount of financial resources available to invest for the enhancement of shareholder value is dependent upon the size of the treasury, profitable operations, and a willingness to utilize debt and issue equity. Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favorable commercial terms.

### Geopolitical Risk

**Conditions in Israel, intensified by the recent attack on Israel by Hamas (a recognized terrorist organization), on October 7, 2023, and which resulted in Israel declaring war against Hamas, may adversely affect the operations and limit the Company's ability to manage and market its products, which would lead to a decrease in revenues.**

Because most of the Company's operations are conducted in Israel and most members of its board of directors, management, as well as a majority of its employees and consultants, including employees of its service providers, are located in Israel, its business and operations are directly affected by economic, political, geopolitical and military conditions affecting Israel. In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel's border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers in the southern part of the country. Following the attack, Israel's security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks. Following the attack by Hamas on Israel's southern border, Hezbollah in Lebanon also launched missile, rocket, drone and shooting attacks against Israeli military sites, troops and Israeli towns in northern Israel. In October 2024, Israel began limited ground operations against Hezbollah in Lebanon. In addition, Iran recently launched direct attacks on Israel and has threatened to continue to attack Israel. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza, Hezbollah in Lebanon, the Houthis in Yemen and various rebel militia groups in Syria and Iraq. While currently no damages were registered in Israel from such attacks, the situation is developing and could lead to additional wars and hostilities in the Middle East. It is possible that the hostilities with Hezbollah and Iran will escalate, and that other terrorist organizations, including Palestinian military organizations in the West Bank, as well as other hostile countries, will join the hostilities. Such hostilities may include terror and missile attacks. Following the brutal attacks on Israel, the mobilization of army reserves and the government declaring a state of war in October 2023, there was a decrease in Israel's economic and business activity. The security situation has led, among other things, to a disruption in the supply chain and production, a decrease in the volume of national transportation, and a shortage in manpower due to employees being called for active reserve duty as well as a rise in the exchange rate of foreign currencies in relation to the New Israel Shekel. These events may imply wider macroeconomic indications of a deterioration of Israel's economic standing, which may have a material adverse effect on the Company and its ability to effectively conduct its business, operations and affairs. Although many of such military reservists have since been released, they may be called up for additional reserve duty, depending on developments in the war in Gaza and along Israel's other borders. Certain of its employees and consultants in Israel, in addition to employees of its service providers located in Israel, have been called, and additional employees may be called, for service in the current or future wars or other armed conflicts with Hamas as well as the other pending or future armed conflicts in which Israel is or may become engaged, and such persons may be absent for an extended

period of time. POB has facilities in Kibbutz Gonen, which is located in an area in northern Israel that has been affected by ongoing hostilities with Hezbollah in Lebanon. Due to the continuous drone attacks, missile strikes and shootings in the region, the area has been almost completely evacuated of civilians. All employees were put on unpaid leave until further notice and POB has ceased its operations, and may not be able to resume its regular activities, including its ability to deliver products to customers in a timely manner, if the hostilities persist for an extended period. The Company is continuing to regularly follow developments on the matter and is examining the effects on its operations and the value of its assets.

### **Acquisition and Expansion Risk**

The Company intends to expand its operations through organic growth and depending on certain conditions, by identifying a proposed acquisition.

### **Supply Chain Risk**

Insufficient or delayed supply of products and ingredients threatens the Company's ability to meet customer demands while over capacity threatens its ability to generate profit. Accordingly, any failure by Company to properly manage its supply chain could have a material adverse effect on the Company's business, financial condition and results of operations. The Company does not currently have written supply agreements with our suppliers. Because of the absence of such contracts, any of such suppliers could seek to alter or terminate its relationship with us at any time, which could result in disruption in our supply chain.

### **Cybersecurity incidents and technological disruptions Risk**

A cybersecurity incident or other technology disruptions could negatively impact the Company's business and relationships with customers. The Company uses computers in substantially all aspects of business operations. It also uses mobile devices, social networking and other online activities to connect with employees, suppliers, co-manufacturers, distributors, customers and consumers. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information

### **Dependence on Key Personnel**

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for professionals is intense.

The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

### **Consumer trends and market position Risk**

Sales of plant-based protein or meat alternative products are subject to evolving consumer preferences that the Company may not be able to accurately predict or respond to. Consumer trends could change based on a number of possible factors, including economic factors or social trends. Consumer demand will fluctuate as buyers change dietary habits choosing cleaner label ingredients for better health and preferences for various other product attributes

### **General Business Risk and Liability**

Given the nature of the Company's business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risk facing the Company, its directors, officers and employees in this respect include potential liability for violations of securities laws, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions or the suspension or revocation of the Company's right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

### **Going concern**

The Company expects to continue to finance itself through raising adequate funds in the foreseeable future. The Company incurred a net loss of USD 2,973 thousand for the nine-month period ended September 30, 2024 and generated USD 11,832 thousand of accumulated deficit since inception. In addition, the Group generated negative cash flows from operating activities of \$554 thousand. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements were prepared on a going concern basis, which assumes that the Company will be able to obtain the necessary financing as needed to realize its assets and discharge its liabilities in the normal course of business. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of the assets and liabilities.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward looking terminology such as "anticipates", "plans", "budget", "scheduled", "continue", "estimates", "forecasts", "expect", "is expected", "project", "propose", "potential", "targeting", "intends", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur" or "be achieved" or the negative connotation thereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by readers, as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above. Although the Company has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward looking statements are made as of the date hereof and accordingly are subject to change after such date. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.