MIZA III VENTURES INC.

FILING STATEMENT

IN RESPECT OF THE REVERSE TAKEOVER INVOLVING THE ACQUISITION BY

MIZA III VENTURES INC.

OF CERTAIN ASSETS OF

SCISPARC LTD.

October 9, 2025

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the RTO described in this filing statement.

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GLOSSARY

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Filing Statement, including the schedules hereto.

"**Affiliate**" has the meaning ascribed thereto under the *Securities Act* (British Columbia).

"**Alternative Transaction**" means, other than the transactions contemplated in the Purchase Agreement, any offer, proposal or inquiry relating to, or any Person's indication of interest in: (i) the sale, license, disposition, or acquisition of all or a material portion of Target Assets or the Target Shares; (ii) the issuance, disposition, or acquisition of (A) any capital stock or other equity security of SciSparc or SNI, (B) any subscription, option, call, warrant, pre-emptive rights, right of first refusal, or any other right (whether or not exercisable) to acquire any capital stock of other equity security of SciSparc or SNI, or (C) any security, instrument or obligation that is or may become convertible into or exchangeable for any capital stock or other equity security of SciSparc or SNI; or (iii) any merger, consolidation, business combination, reorganization, or similar transaction involving SciSparc or SNI.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Books and Records**" means the books and records of the SciSparc relating to the Target Business and the Target Assets and SNI in the possession or control of SciSparc, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, formulae, sales promotional data, advertising materials, cost and pricing information, accounting records, business reports, plans and projections and all other documents, surveys, plans, files, records, correspondence and other data and information, financial or otherwise, including all data and information stored on computer-related or other electronic media, the share registry and minute books of SNI but excluding Excluded Books and Records.

"**Business Day**" means any day, other than a Saturday, Sunday or any statutory holiday, when banks are open for business in the city of Vancouver, British Columbia, Canada.

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**Closing**" means the completion of the transactions of purchase and sale contemplated in the Purchase Agreement which will result in the Qualifying Transaction.

"**Closing Date**" means such date as may be agreed to in writing by the Parties as the date on which the Closing shall take place, but in any event not later than the Transaction Termination Date;

"**Closing Time**" means 10:00 a.m. (Vancouver time) on the Closing Date or such other time as may be agreed to in writing by the Parties;

"**Consideration Securities**" means the Payment Shares, the Payment Rights and the Payment Warrants.

"**Contingent Right Certificate**" means a certificate representing the Miza Contingent Rights.

"**Contingent Right Shares**" means the Miza Common Shares issuable upon conversion of the Miza Contingent Rights upon the satisfaction of the applicable Milestone, on the terms and conditions set forth in the Contingent Right Certificate.

"**Control Person**" has the meaning ascribed to such term in Policy 1.1 – *Interpretation* of the TSXV Manual.

"**Convertible Grid Note**" means the grid promissory note issuable by the Resulting Issuer to SciSparc upon the closing of the Qualifying Transaction, such Convertible Grid Note to have a principal of up to CAD$1,000,000, an interest rate of 7% per annum and allow the conversion of the principal thereof into Resulting Issuer Shares at a price per share of $0.25.

"**Dekel**" means Dekel Pharmaceuticals Ltd.;

"**EMA**" means the European Medicines Agency;

"**Encumbrance**" means any mortgage, easement, right-of-way, encroachment, covenant, condition, right of re-entry, right of possession, lease, license, lien, charge, pledge, assignment, option, claim, title defect, hypothecation, security interest, title retention right, including any agreement to give any of the foregoing, or other encumbrance of any nature or kind whatsoever.

"**Escrow Agent**" means Endeavor Trust Corporation.

"**Escrowed Shareholders**" means the shareholders of the Resulting Issuer that will be a director, officer, founder of the Resulting Issuer, or will own 10% or more of the issued and outstanding share capital of the Resulting Issuer after the Closing Date.

"**Excluded Books and Records**" means all corporate, financial, taxation, Tax Returns and other books and records of SciSparc not related to the Target Business, the Target Assets, or Target Shares.

"**Equity Incentive Plan**" means the equity incentive plan of the Resulting Issuer to be adopted by the Resulting Issuer Board upon completion of the Qualifying Transaction.

"**FDA**" means the U.S. Federal Drug Administration;

"**Filing Statement**" means this TSXV filing statement prepared by Miza and SciSparc in accordance with the TSXV Form 3B1.

"**Final Exchange Bulletin**" means the bulletin issued by the TSXV following Closing and the submission of all documents required by the TSXV which evidences the final TSXV acceptance of the RTO.

"**Finders**" means Lavi Krasney, Itamar David and Kfir Zilberman.

"**Form 3D2**" means TSXV Form 3D2 – *Information Required in a Filing Statement for a Reverse Takeover or Change of Business*.

"**Insider**" has the meaning ascribed to such term in the Form 3D2.

"**Intellectual Property**" means: (i) all works, including literary, artistic and graphic works, databases, and compilations thereof, including computer software, source code, object code, firmware, development tools, files, records and data, (the "**Works**"); (ii) all inventions, arts, processes, machines, manufactures, compositions of matter and developments, whether or not patentable, patented or the subject of applications for patents (the "**Inventions**"); (iii) all trade names, logos, trade dress, trademarks and service marks ("**Marks**"); (iv) all industrial designs, whether or not patentable or registrable, patented or registered or the subject of applications for design patent or registration ("**Designs**"); (v) all Confidential Information; and Internet domain name registrations, Internet and World Wide Web URLs or addresses ("**Domain Names**").

"**Intellectual Property Rights**" means any and all industrial and intellectual property and proprietary rights in the Intellectual Property, including, without limitation, the following: (i) all patents and applications therefor and rights to file applications for the Inventions and all reissues, divisions, renewals, extensions, re-examinations, reissues, provisionals, continuations and continuations-in-part thereof and other derivative

applications and patents; (ii) all rights in the Confidential Information; (iii) all design patents, design registrations, pending patent and design applications and rights to file applications for the Designs, including all rights of priority and rights in continuations, continuations-in-part, divisions, re-examinations, reissues and other derivative applications and patents; (iv) all trademark and service mark registrations for the Marks, trademark and service mark applications for the Marks, any rights arising from the use, application for or registration of the Marks, and any and all goodwill associated with and symbolized by the Marks; (v) all rights in the Domain Names; and (vi) all copyright and other rights and all registrations, pending applications for registration and rights to file applications for, and all moral rights and, where a Party is not the author, the benefits of such Party in all waivers of moral rights in, the Works.

"**IT**" means information technology.

"**IT Systems**" means Computer Systems, hardware, servers, databases, Software, networks, telecommunications systems and related infrastructure.

"**Key Personnel**" shall have the meaning ascribed thereto under "*Information Concerning the Resulting Issuer – Risk Factors – Dependence on Key Management Personnel*".

"**Letter of Intent**" means the letter of intent entered between SciSparc and Miza on July 5, 2024, as amended by an amending agreement dated March 28, 2025. The Letter of Intent was superseded and replaced by the Purchase Agreement.

"**Material Adverse Change**" means any change (or any condition, event or development involving a prospective change) in the business, operations, affairs, the Target Assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), capitalization, financial condition, prospects, licenses, permits, rights or privileges, of a corporation or any of its subsidiaries which could reasonably be expected to materially and adversely affect such corporation and its subsidiaries taken as a whole except that none of the following, either alone or in combination, shall be considered in determining whether there has been a "Material Adverse Change" or breach of a representation, warrant, covenant or agreement that is qualified by the term "Material Adverse Change": (i) changes, effects, events or conditions affecting Israeli, Canadian or American or other financial or securities markets or general economic or political conditions, including changes in the credit, interest rate, commodity and currency markets or in the availability of financing, except to the extent any such change disproportionately impacts the Target Business relative to other companies operating in the industries in which the Target Business operations; (ii) changes, effects, events or conditions that result from the execution, announcement or performance of the Purchase Agreement or the identity of Miza or the consummation of the transactions contemplated hereby; and (iii) changes, effects, events or conditions that result from any action or omission required to be taken pursuant to the Purchase Agreement or at the request of or with the prior written consent of Miza.

"**material fact**", "**material change**" and "**misrepresentation**" have the meanings ascribed to such terms under the *Securities Act*.

"**Milestone A**" means the Resulting Issuer completing a transaction resulting in either the listing of the Resulting Issuer on the New York Stock Exchange or the NASDAQ (each, a "**US Exchange**") or other transaction resulting in the issuance of shares listed on a US Exchange to holders of Miza Common Shares in exchange for such Miza Common Shares (in either case, an "**Uplisting Transaction**") if such Uplisting Transaction is completed within twenty four (24) months of date of the Closing Date.

"**Milestone B**" means the Resulting Issuer successfully raising in the aggregate US$10 million or more in equity and/or debt financing within forty-eight (48) months of the Closing Date.

"**Milestone C**" means the Resulting Issuer completing a clinical trial within forty-eight (48) months of the Closing Date.

"**Milestones**" means Milestone A, Milestone B, and Milestone C, and "**Milestone**" means any one of the Milestones.

"**Miza**" means Miza III Ventures Inc., a corporation existing under the laws of the Province of British Columbia.

"**Miza Board**" means the board of directors of Miza, as constituted from time to time.

"**Miza Common Shares**" or "**Resulting Issuer Shares**" means the common shares in the capital of Miza.

"**Miza Contingent Rights**" means the contingent value rights to be issued to SciSparc on the Closing Date, each of which entitles the holder thereof to acquire one Contingent Right Share for no additional consideration upon the satisfaction of the applicable Milestone, on the terms and conditions set forth in the Contingent Right Certificate.

"**Miza Options**" means the incentive stock options of Miza issued pursuant to the Miza Stock Option Plan.

"**Miza Stock Option Plan**" means the incentive stock option plan of Miza in effect as of the date hereof.

"**Miza Public Disclosure Record**" means all press releases, material change reports, material contracts, management proxy circulars, financial statements, management's discussion and analysis, prospectuses and all other documents required to be filed under applicable Securities Laws by or on behalf of Miza to its SEDAR+ profile.

"**Miza Shareholders**" means the registered holders of Miza Common Shares immediately prior to the Closing Time, and "**Miza Shareholder**" means any of the Miza Shareholders.

"**Miza Warrants**" means the Miza Common Share purchase warrants entitling the holder thereof to acquire one Miza Common Share at a price of $0.25 per Miza Common Share for a period of five (5) years from the date of issuance thereof.

"**Named Executive Officers**" or "**NEOs**" has the meaning ascribed thereto under "*Information Concerning Miza – Executive Compensation – Director and Named Executive Officer Compensation Excluding Compensation Securities."*

"**NASDAQ**" means the Nasdaq Capital Market;

"**Non-Arm's Length Party**" has the meaning ascribed to such term in the Form 3D2.

"**Parties**" means SciSparc, SNI, and the Miza, and "**Party**" means any of them.

"**Payment Rights**" means the 48,000,000 Miza Contingent Rights issued to SciSparc at Closing as consideration for the sale, assignment, transfer and conveyance of the Target Assets and the Target Shares.

"**Payment Securities**" means the Payment Rights, Payment Shares and the Payment Warrants.

"**Payment Shares**" means the 63,300,000 Miza Common Shares issued to SciSparc at Closing as consideration for the sale, assignment, transfer and conveyance of the Target Assets and the Target Shares.

"**Payment Warrants**" means the 4,000,000 Miza Warrants issued to SciSparc at Closing as consideration for the sale, assignment, transfer and conveyance of the Target Assets and the Target Shares.

"**Person**" includes an individual, corporation, body corporate, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative thereof or heirs, successors and assigns of such persons as the context may require.

"**Personal Information**" means any data or information in any media that is used or reasonably capable of being used alone or in combination with other information to identify an individual and is regulated as personal data or personal information under applicable Laws.

"**Purchase Agreement**" shall mean the asset and share purchase agreement dated October 9, 2025, together with the recitals above and the schedules thereto, as amended, supplemented or otherwise modified from time to time.

"**Qualifying Transaction**" means the acquisition of the Target Assets and Target Shares by Miza in exchange for the issuance of the Payment Rights and Payment Shares to SciSparc pursuant to the Purchase Agreement, whereby Miza will carry on the Target Business.

"**Resulting Issuer**" means Miza as it will exist upon issuance of the Final Exchange Bulletin, and which will change its name to "NeuroThera Labs Inc.", or such similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of the Resulting Issuer.

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer as the same is constituted from time to time.

"**Resulting Issuer Options**" means the Miza Options as they are constituted immediately after the Closing Time.

"**Resulting Issuer Shares**" means the Miza Common Shares as they are constituted immediately after the Closing Time.

"**Reverse Takeover**" has the meaning ascribed to that phrase in Policy 5.2 – Changes of Business and Reverse Takeovers.

"**RI Executive Agreements**" has the meaning ascribed thereto under "*Information Concerning the Resulting Issuer – Resulting Issuer Executive Compensation – Employment, Consulting and Management Agreements".*

"**Securities Act**" means the *Securities Act* (British Columbia).

"**SCI-110**" means a combinations of cannabinoids and N-acylethanolamines where the cannabinoid is dronabinol, a synthetic Delta-9-tetrahydrocannabinol (Δ^9-THC)m and the N-acylethanolamines is PEA.

"**SCI-210**" means combinations of cannabinoids and N-acylethanolamines where the cannabinoid is Cannabidiol (or CBD) and the N-acylethanolamines is PEA.

"**SciSparc**" means SciSparc Ltd., a corporation incorporated under the laws of the State of Israel and listed on the NASDAQ under the trading symbol "SPRC".

"**SciSparc Tax Period**" means and includes any and all periods ending before the Closing Date and, in addition, the portion of any Straddle Period that consists of a partial period deemed to end immediately before the Closing Date; provided, that in the case of any Straddle Period, for the purposes hereof, the Books and Records shall be deemed to have been closed as at and as of the beginning of the Closing Date.

"**Securities Laws**" means the securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices and interpretation notes of the applicable securities regulatory authority or applicable securities regulatory authorities of, the applicable jurisdiction or jurisdictions collectively.

"**Seed Shareholders**" means the shareholders subject to the TSXV Seed Share Resale Restrictions.

"**Share Cap**" has the meaning ascribed to it in "*Summary of Filing Statement – Convertible Note*".

"**SNI**" means SciSparc Nutraceuticals Inc., a corporation existing under the laws of the State of Delaware, a majority-owned subsidiary of SciSparc.

"**SNI Shares**" means the issued and outstanding common stock of SNI.

"**Software**" means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and documentation and other materials related to the computer software and programs.

"**Straddle Period**" means any taxable year or period beginning before and ending after the Closing Date.

"**Target Assets**" has the meaning ascribed to it in "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio – Trademarks";*

"**Target Business**" means the business carried on, conducted and operated by SciSparc and SNI, as of the date of the Purchase Agreement, being the research, development and sale of pharmaceutical products based, among others, on cannabinoid therapies and the sale of hemp seeds oil-based products on the Amazon.com marketplace by SNI;

"**Target Shares**" means the 59 common shares of SNI registered in the name of Vendor, representing 50.86% of the issued and outstanding common stock of SNI.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder.

"**Transaction Termination Date**" means October 31, 2025.

"**TSXV**" or the "**Exchange**" means the TSX Venture Exchange.

"**TSXV Escrow**" has the meaning ascribed to it in "*Information Concerning the Resulting Issuer – Escrowed Securities – TSXV Escrow".*

"**TSXV Escrow Agreement**" means the Form 5D – *Escrow Agreement*.

"**TSXV Manual**" means the corporate finance policies of the TSXV.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Filing Statement includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws. All information, other than statements of historical facts, included in this Filing Statement that address activities, events or developments that Miza or SciSparc expect or anticipate will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of Miza's business, the Target Business and their operations, plans and other such matters is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: expectations regarding whether the Qualifying Transaction will be completed, including whether conditions to the Qualifying Transaction will be satisfied, or the time for completing the Qualifying Transaction; expectations for the effects of the Qualifying Transaction; the potential benefits of the Qualifying Transaction; statements relating to the business and future activities of, and developments related, to Miza and the Target Business after the date of this Filing Statement; statements based on the audited financial statements of Miza, SNI or the carve-out audited financial statements of the Target Assets; expectations for other economic, business, regulatory and/or competitive factors related to Miza, the Target Business or the pharmaceutical and nutraceutical industries generally; the business objectives and milestones of the Resulting Issuer; the principal uses of available funds, including the funds to be used for anticipated investments; and other events or conditions that may occur in the future.

Investors are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of Miza and SciSparc at the time they were made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, risks relating to the issuance of additional Resulting Issuer Shares in the future; increased price volatility of the Resulting Issuer Shares following completion of the Qualifying Transaction; the requirements of being a reporting issuer; the ability of the Resulting Issuer to develop and market its product candidates; compliance with applicable laws, changes in laws, regulations and guidelines; business strategy; risks inherent in strategic alliances; competition; dependence on key management personnel; reliance on foreign directors; conflicts of interest; limited operating history; liquidity and additional financing; difficulty to forecast; reputational risks to third parties; management of growth; equity price risk; anti-money laundering laws and regulation risks; changes to technology and market trends; challenging global financial conditions; credit and liquidity risk; litigation; cybersecurity risks; and demand volatility. Risks involving the Qualifying Transaction and the Resulting Issuer that may affect results of operations, earnings and expected benefits of the Qualifying Transaction are discussed under the heading "*Information Concerning the Resulting Issuer – Risk Factors*". Although Miza and SciSparc have attempted to identify important factors that could cause actual results to differ materially, 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 information. Forward-looking information is made as of the date of this Filing Statement and Miza and SciSparc do not undertake any obligation to revise or update any forward-looking information other than as required by applicable law.

CURRENCY PRESENTATION

Miza reports in Canadian dollars. Accordingly, unless otherwise indicated, all references to "$" in this Filing Statement refer to Canadian dollars. SciSparc and SNI reports in U.S. dollars. All references to "US$" in this Filing Statement refer to U.S. dollars.

The table below sets forth the following: (a) the rate of exchange for the Canadian dollar, expressed in U.S. dollars, in effect at the end of the periods indicated; (b) the average exchange rates for the Canadian dollar, expressed in U.S. dollars, on the last day of each month on which exchange rates are published during such periods; and (c) the high and low exchange rates for the Canadian dollar, expressed in U.S. dollars,

during such periods, each based on the rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into U.S. dollars.

	Three months ended June 30		Three months ended March 31		Year ended December 31	
	2025	2024	2025	2024	2024	2023
Rate at end of period	US$0.7330	US$0.7306	US$0.6956	US$0.7380	US$0.6950	US$0.7561
Average rate of period	US$0.7226	US$0.7308	US$0.6968	US$0.7414	US$0.7302	US$0.7410
High for period	US$0.7376	US$0.7405	US$0.7059	US$0.7510	US$0.7510	US$0.7617
Low for period	US$0.6970	US$0.7235	US$0.6848	US$0.7357	US$0.6937	US$0.7207

The daily exchange rate on October 8, 2025, the Business Day immediately preceding the date of this Filing Statement, as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars, was US$1.00 equals $1.3952 (the "**Currency Rate**").

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Miza, SciSparc and the Resulting Issuer (assuming completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Capitalized words and terms in this summary have the same meanings as set forth in the Glossary and elsewhere in this Filing Statement.

Miza III Ventures Inc.

Miza was incorporated pursuant to the provisions of the BCBCA on June 30, 2017. Miza is a capital pool company ("**CPC**") within the meaning of the policies of the Exchange. The Miza Common Shares are listed on the TSXV under the symbol "MIZA.P" and commenced trading on July 19, 2021. Trading of the Miza Common Shares has been halted by the Exchange since July 8, 2024, pending completion of the Qualifying Transaction. The market price of the Miza Common Shares on the TSXV on July 5, 2024, the last day of trading immediately prior to the halt, was $0.15 per Miza Common Share.

The registered and records office of Miza is located at Suite 1510, 789 West Pender Street, Vancouver, British Columbia. See "*Information Concerning Miza – Corporate Structure*".

Target Business

Under the Qualifying Transaction, Miza will be acquiring the Target Business from SciSparc, which is comprised of the Target Assets and Target Shares.

Target Assets

The Target Assets is comprised of the Target IP, which includes certain patents of SciSparc as more particularly described in "*Information Concerning the Target Business – Intellectual Property*", as well as other assets associated with the Target IP, such as contracts and partnerships. The Target IP includes, among others, patents that are focused on therapies based on cannabinoids. Particularly, the Target IP relates to developing and testing pharmaceutical compositions comprised of N-acylethanolamines and cannabinoids such as Palmitoylethanolamide ("**PEA**") and/or Δ9-tetrahydrocannabinol ("**Δ^9THC**") and/or non-psychoactive cannabidiol ("**CBD**") and/or other cannabinoid receptor agonists, from which SciSparc has derived: (a) SCI-110 for the treatment of Tourette syndrome and Alzheimer's disease and agitation; and (b) SCI-210 for the treatment of Autism Spectrum Disorder ("**ASD**") and Status Epilepticus ("**SE**"), which form part of the Target IP. For greater clarity, the Δ^9THC that is used is synthetic delta-9-tetrahydrocannabinol (Δ^9-THC), not tetrahydrocannabinol, a cannabinoid found in cannabis.

Target Shares

SNI was incorporated under the laws of the State of Delaware on August 29, 2022. SNI focuses on the on e-commerce operations of Wellution™ and sells hemp-seeds oil based products, including hemp gummies, hemp oil capsules, hemp gel, hemp cream, detox pills, height pills, antibacterial creams, and anti-aging creams, among other beauty and hair treatment products that are all manufactured in the United States. SNI's share capital consists of 116 shares of common stock. The Target Shares consist of 59 shares of common stock of SNI, which represents 50.86% of the 116 issued and outstanding common stock of SNI as of the date of this Filing Statement. No public market exists for the securities of SNI as of the date hereof.

The registered and records office of SNI is located at 20 Raul Wallenberg St., Tower A, 2nd Floor, Tel Aviv 6971916, Israel.

The Qualifying Transaction

On July 5, 2024, Miza entered into the Letter of Intent with SciSparc with respect to the Qualifying Transaction, which outlined the general terms and conditions pursuant to which Miza and SciSparc would be willing to complete a transaction that will result in a reverse takeover of Miza by SciSparc. The Letter of Intent was amended on March 28, 2025, to extend the termination date of the Letter of Intent to July 31, 2025, and amended on July 30, 2025, to extend the termination date of the Letter of Intent to October 31, 2025.

On October 9, 2025, Miza entered into the Purchase Agreement with SciSparc with respect to the acquisition of the Target Assets and the Target Shares, which superseded and replaced the Letter of Intent and will result in the reverse takeover of Miza by SciSparc. Pursuant to the terms of the Purchase Agreement, at the time of closing of the Qualifying Transaction, Miza, as consideration for the sale, assignment, transfer and conveyance by SciSparc to Miza of the Target Assets and the Target Shares, will:

(a) issue:

(i) 63,300,000 Resulting Issuer Shares to SciSparc on a prospectus and registration exempt basis at a deemed price per share of $0.25 as validly issued and fully paid and non-assessable shares as consideration for the Target Assets and Target Shares;

(ii) 48,000,000 Miza Contingent Rights to SciSparc on a prospectus and registration exempt basis, subject to the terms and conditions contained in the Contingent Right Certificate as consideration for the Target Assets and Target Shares, each of which entitles the holder thereof to acquire one Contingent Right Share for no additional consideration upon the satisfaction of certain Milestones;

(iii) 4,000,000 Miza Warrants to SciSparc on a prospectus and registration as consideration for the Target Assets and Target Shares;

(iv) 1,000,000 Resulting Issuer Shares to Lavi Krasney or his wholly-owned holding company as a finder's fee on a prospectus and registration exempt basis;

(v) 1,000,000 Resulting Issuer Shares to Itamar David or his wholly-owned holding company as a finder's fee on a prospectus and registration exempt basis; and

(vi) 1,000,000 Resulting Issuer Shares to Kfir Zilberman or his wholly-owned holding company as finder's fee on a prospectus and registration exempt basis.

(b) reserve for issuance:

(i) up to 48,000,000 Resulting Issuer Shares in connection with the issuance of securities upon the satisfaction of certain Milestones within the requisite deadlines following Closing, as more specifically set forth below:

1. 16,000,000 Resulting Issuer Shares will be issuable upon the satisfaction of Milestone A, being the Resulting Issuer completing an Uplisting Transaction if such Uplisting Transaction is completed within twenty four (24) months of date of the Closing Date;

2. 16,000,000 Resulting Issuer Shares will be issuable upon the satisfaction of Milestone B, being the Resulting Issuer successfully raising in the aggregate US$10 million or more in equity and/or debt financing within forty-eight (48) months of the Closing Date; and

3. 16,000,000 Resulting Issuer Shares will be issuable upon the satisfaction of Milestone C, being the Resulting Issuer completing a clinical trial within forty-eight (48) months of the Closing Date;

(ii) up to 4,000,000 Resulting Issuer Shares in connection with the issuance of securities upon the exercise of the Miza Warrants; and

(iii) up to 4,000,000 Resulting Issuer Shares in connection with the issuance of securities upon the conversion of the Convertible Note.

At the time of Closing, Miza will be renamed “NeuroThera Labs Inc.”

Upon completion of the Qualifying Transaction, there will be approximately 84,400,000 Resulting Issuer Shares issued and outstanding on a non-diluted basis, of which approximately 63,300,000 Resulting Issuer Shares will be held by SciSparc, 3,000,000 Resulting Issuer Shares will be held by the Finders and 18,100,000 Resulting Issuer Shares will be held by former Miza Shareholders. Accordingly, approximately 75.00% of the total issued and outstanding Resulting Issuer Shares will be owned by SciSparc, 3.55% of the total issued and outstanding Resulting Issuer Shares will be owned by the Finders and approximately 21.45% of the total issued and outstanding Resulting Issuer Shares will be owned by former Miza Shareholders on a non-diluted basis upon completion of the Qualifying Transaction.

See “*The Qualifying Transaction*” for further details concerning the Qualifying Transaction.

Steps of the Qualifying Transaction

The Qualifying Transaction is not a Non-Arm’s Length Transaction and as such, Miza Shareholders are not required to approve the Qualifying Transaction.

As of the Closing Time, each current member of the Miza Board will resign, the size of the Resulting Issuer Board will be adjusted to four directors and will be comprised of Itschak Shrem, Lior Vider, Alon Dayan and Ohad David, with each appointee being subject to acceptance by the TSXV and other regulatory bodies.

Completion of the Qualifying Transaction

The Qualifying Transaction will be completed and the Purchase Agreement will become effective at the Closing Time. It is currently anticipated that the Closing Date will be on or about October 22, 2025.

Following completion of the Qualifying Transaction, the Resulting Issuer Shares are expected to be listed on the TSXV under the trading symbol "NTLX". See "*Information Concerning the Resulting Issuer – Description of Resulting Issuer Securities*".

Conditional Listing Approval

The TSXV has conditionally accepted the Qualifying Transaction subject to Miza and SciSparc fulfilling all of the requirements of the TSXV on or before October 23, 2025.

Convertible Note

Upon the closing of the Qualifying Transaction, subject to the approval of the TSXV, SciSparc, or a third-party on its behalf, intends to commit up to CDN$1,000,000 in capital to the Resulting Issuer pursuant to the Convertible Note, which shall mature on the two year anniversary of the date of the issuance thereof (the "**Maturity Date**") and shall bear interest at the simple rate of 7% per annum. The Convertible Note will be drawn down by the Resulting Issuer in its sole discretion. On the Maturity Date, the outstanding principal and accrued but unpaid interest under the Convertible Note shall be convertible into Resulting Issuer Shares, at the sole election of the Holder, at a price of CDN$0.25 per share up to a maximum of 4,000,000 Resulting Issuer Shares (the "**Share Cap**"), subject to customary anti-dilution adjustments. Upon conversion of the Convertible Note, for any principal amount or accrued interest not converted into Resulting Issuer Shares due to being in excess of the Share Cap or rounding, the Resulting Issuer will pay the holder of the Convertible Note a cash amount of such outstanding balance.

Finder's Fee

Upon the closing of the Qualifying Transaction, subject to the approval of the TSXV, the Resulting Issuer will issue 3,000,000 Resulting Issuer Shares to the Finders (the "**Finders' Shares**"), with each such Finder receiving 1,000,000 Resulting Issuer Shares as compensation for providing advisory services in connection with the Qualifying Transaction. Each of the Finders are arm's length to both Miza and SciSparc.

Selected Financial Information of Miza

The following table sets out certain selected financial information of Miza in summary form for the fiscal years ended January 31, 2025 and January 31, 2024 and for the six months ended July 31, 2025:

	Fiscal Year Ended January 31, 2025 (audited) ($)	**Fiscal Year Ended January 31, 2024 (audited) ($)**	**Six Months Ended July 31, 2025 (unaudited) ($)**
Summary Operating Results			
Revenue	Nil	Nil	Nil
Total comprehensive income (loss)	(255,459)	(104,716)	(32,992)
Balance Sheet Data			
Cash	1,079,346	1,220,118	1,046,679
Total assets	1,080,628	1,221,400	1,047,961
Total liabilities	155,999	41,312	156,324
Shareholders' equity	924,629	1,180,088	891,637

See "*Information Concerning Miza – Selected Financial Information and MD&A"*.

Selected Carve-Out Financial Information on the Target Business

Target IP

The following table sets out a summary of selected carve-out financial information for the six months ended June 30, 2025, and the fiscal years ended fiscal years ended December 31, 2024, December 31, 2023, and December 31, 2022, on the Target Assets:

	Six Months Ended June 30, 2025 (unaudited) **(US$, in thousands)**	**Year ended December 31, 2024 (audited)** **(US$, in thousands)**	**Year ended December 31, 2023 (audited)** **(US$, in thousands)**	**Year ended December 31, 2022 (audited)** **(US$, in thousands)**
Current Assets	Nil	Nil	Nil	Nil
Total Assets	Nil	Nil	Nil	Nil
Current Liabilities	Nil	Nil	Nil	Nil
Total Liabilities	Nil	Nil	Nil	Nil
Revenue	Nil	Nil	Nil	Nil
Expenses	956	1,707	1,641	2,803
Net Loss	(956)	(1,707)	(1,641)	(2,803)

See "*Information Concerning the Target Business – Selected Financial Information and MD&A*".

Target Shares

The following table sets out a summary of selected financial information on SNI for the six months ended June 30, 2025, and the fiscal years ended December 31, 2024 and December 31, 2023:

	Six Months Ended June 30, 2025 (unaudited) **(US$, in thousands)**	**Fiscal Year Ended December 31, 2024 (audited)** **(US$, in thousands)**	**Fiscal Year Ended December 31, 2023 (audited)** **(US$, in thousands)**
Summary Operating Results			
Revenue	461	1,306	2,879
Cost of sale	(101)	(800)	(683)
Gross Profit	360	506	2,196
Operating expenses	(530)	(2,948)	(3,652)
Net operating loss	(170)	(2,442)	(1,456)
Other income (expense)	Nil	22	(22)
Net loss	(170)	(2,420)	(1,478)
Total comprehensive loss	(170)	(2,420)	(1,478)
Balance Sheet Data			
Cash	59	117	146
Total assets	1,642	1,764	4,113
Total liabilities	274	226	155
Shareholders' equity	1,368	1,538	3,958

See "*Information Concerning the Target Business – Selected Financial Information and MD&A*".

Additional Disclosure for Assets without Significant Revenue

The table below sets forth a comparative breakdown of material components of (a) expensed research and development costs, (b) intangible assets arising from development, (c) general and administrative expenses, and (d) any material costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (c) for the Target Assets for the six months ended June 30, 2025, and the fiscal years ended December 31, 2024, 2023, and 2022.

	Six Months Ended June 30, 2025 (unaudited) (US$, in thousands)	**Year ended December 31, 2024 (audited) (US$, in thousands)**	**Year ended December 31, 2023 (audited) (US$, in thousands)**	**Year ended December 31, 2022 (audited) (US$, in thousands)**
Expensed research and development	956	1,707	1,641	2,803
Intangible assets arising from development	Nil	Nil	Nil	Nil
General and administrative expenses	Nil	Nil	Nil	Nil
Other material costs not disclosed above	Nil	Nil	Nil	Nil

See "*Information Concerning the Target Business – Selected Financial Information and MD&A – Additional Disclosure for Assets without Significant Revenue*".

Information about the Resulting Issuer

In connection with the Qualifying Transaction, the Resulting Issuer will change its name to "NeuroThera Labs Inc." or such other name as may be requested by SciSparc, approved by SciSparc and is acceptable to the regulators. See "*Information Concerning the Resulting Issuer*".

The following table sets out the estimated funds available to the Resulting Issuer after giving effect to the Qualifying Transaction as at the dates indicated:

Source of Funds	**Following Completion of the Qualifying Transaction (US$)**
Estimated Miza working capital as at September 30, 2025	1,000,000[(1)]
Estimated SNI working capital as at September 30, 2025	100,000
Convertible Grid Note	716,743[(2)I]
Total available funds:	**1,816,743**

Notes:
(1) Amount includes an estimate of USD Note. The anticipated principal amount of the USD Note at Closing is US$350,000.
(2) $1,000,000 converted into United States dollars based on the Currency Rate.

The following table sets out the proposed use of the available funds by the Resulting Issuer for the 12-month period after giving effect to the Qualifying Transaction.

Principal Uses of Available Funds	Following Completion of the Qualifying Transaction (US$)
Estimated Management Salaries	350,000
Estimated Finance Costs	25,000
Estimated Research and Development Costs	926,247[(1)]
Estimated Administration Expenses	85,000
Estimated transaction costs – audit fees	50,000
Estimated transaction costs – legal fees	150,000
Unallocated Working Capital	230,496
Total available funds:	**1,816,743**

Note:

(1) The Resulting Issuer anticipates that an aggregate of US$641,247 will be allocated to SCI-110, US$213,749 will be allocated to SCI-210, and US$71,251 will be allocated to therapies developed through a collaboration with Clearmind.

Selected Pro Forma Financial Information

The following table sets out a summary of selected pro forma consolidated financial information of the Resulting Issuer as at July 31, 2025, after giving effect to the Qualifying Transaction, as well as certain other adjustments, and should be read in conjunction with the pro forma consolidated financial statements and the notes thereto of the Resulting Issuer attached hereto as Schedule N:

Balance Sheet Data	As of July 31, 2025 (US$)
Current Assets	2,088,300
Total Assets	3,471,300
Current Liabilities	205,000
Total Liabilities	1,459,300
Shareholders' Equity	2,012,000

Interests of Insiders, Promoters and Control Persons

No Insider, Promoter or Control Person of Miza and their respective Associates and Affiliates (before giving effect to the Qualifying Transaction) have any interest in the Target Shares or the Target Assets.

Non-Arm's Length Qualifying Transaction

The proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction.

Conflicts of Interest

Certain directors, officers and Promoters of the Resulting Issuer are associated with other reporting issuers or other corporations that may give rise to conflicts of interest. Please see "*Information Concerning the Resulting Issuer – Other Reporting Issuers*" below. In accordance with the CBCA, directors or officers of the Resulting Issuer who have a material interest in a material contract or a proposed material contract with the Resulting Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer.

Some of the directors and officers of the Resulting Issuer have or will have either other employment or other business or time restrictions placed on them and, accordingly, these directors and officers of the Resulting Issuer will only be able to devote part of their time to the affairs of the Resulting Issuer. See "*Information Concerning the Resulting Issuer – Risk Factors – Conflicts of Interest*".

Sponsorship

Sponsorship for the Qualifying Transaction is required by Policy 5.2 of the TSXV Manual unless an exemption from the sponsorship requirement is granted to Miza by the Exchange. Subject to the satisfaction of certain conditions, the TSXV has granted Miza a waiver from the sponsorship requirements in respect of the Qualifying Transaction.

Interest of Experts

No person or company who is named as having prepared or certified a part of the Filing Statement or having prepared or certified a report or valuation described or included in the Filing Statement has, or will have, immediately following completion of the Acquisition, any direct or indirect interest in Miza, the Target Assets, the Target Shares or the Resulting Issuer.

Risk Factors

The Qualifying Transaction is subject to a number of risk factors inherent to similar transactions of this nature. Additional risks and uncertainties may also adversely affect the Resulting Issuer Shares and/or the business of the Resulting Issuer following completion of the Qualifying Transaction. These risks include, but are not limited to: risks related to the ecommerce operations of SNI; risks related to the Resulting Issuer's financial condition and capital requirements; risks related to the discovery and development of the Resulting Issuer's pharmaceutical product candidates; risks related to the Resulting Issuer's reliance on third parties; risks related to commercialization of the Resulting Issuer's pharmaceutical product candidates; risks related to the Resulting Issuer's intellectual property; risks related to the Resulting Issuer's pharmaceutical business operations; risks relating to the issuance of additional Resulting Issuer Shares in the future; increased price volatility of the Resulting Issuer Shares following completion of the Qualifying Transaction; the requirements of being a reporting issuer; compliance with applicable laws, changes in laws, regulations and guidelines; business strategy; risks inherent in its business; competition; dependence on key management personnel; conflicts of interest; liquidity and additional financing; difficulty to forecast; reputational risks to third parties; management of growth; equity price risk; anti-money laundering laws and regulation risks; changes to technology and market trends; challenging global financial conditions; credit and liquidity risk; litigation; cybersecurity risks; and demand volatility. Risks involving the Qualifying Transaction and the Resulting Issuer that may affect results of operations, earnings and expected benefits of the Qualifying Transaction are discussed under the heading "*Information Concerning the Resulting Issuer – Risk Factors*". Although Miza and SciSparc have attempted to identify important factors that could cause actual results to differ materially, 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 information. Forward-looking information is made as of the date given and Miza and SciSparc do not undertake any obligation to revise or update any forward-looking information other than as required by applicable law.

THE REVERSE TAKEOVER

The following description of the material terms and conditions of the Purchase Agreement is a summary only and is qualified in its entirety by reference to the terms of the Purchase Agreement. The full text of the Purchase Agreement is available under Miza's profile on SEDAR+ at www.sedarplus.ca.

Pursuant to the Purchase Agreement, Miza and SciSparc have agreed to complete the Qualifying Transaction, pursuant to which at the Closing Time, among other things, Miza will acquire the Target Assets and the Target Shares and will:

(a) issue:

(i) 63,300,000 Miza Shares to SciSparc on a prospectus and registration exempt basis at a deemed price per share of $0.25 as validly issued and fully paid and non-assessable shares as consideration for the Target Assets and Target Shares;

(ii) 4,000,000 Miza Warrants to SciSparc on a prospectus and registration exempt basis as consideration for the Target Assets and Target Shares;

(iii) 48,000,000 Miza Contingent Rights to SciSparc on a prospectus and registration exempt basis, subject to the terms and conditions contained in the Contingent Right Certificate as consideration for the Target Assets and Target Shares, each of which entitles the holder thereof to acquire one Contingent Right Share for no additional consideration upon the satisfaction of certain Milestones;

(iv) 1,000,000 Resulting Issuer Shares to Lavi Krasney or his wholly-owned holding company as a finder's fee on a prospectus and registration exempt basis;

(v) 1,000,000 Resulting Issuer Shares to Itamar David or his wholly-owned holding company as a finder's fee on a prospectus and registration exempt basis;

(vi) 1,000,000 Resulting Issuer Shares to Kfir Zilberman or his wholly-owned holding company as finder's fee on a prospectus and registration exempt basis; and

(b) reserve for issuance:

(i) up to 48,000,000 Resulting Issuer Shares in connection with the issuance of securities upon the satisfaction of certain Milestones within the requisite deadlines following Closing;

1. 16,000,000 Resulting Issuer Shares will be issuable upon the satisfaction of Milestone A, being the Resulting Issuer completing an Uplisting Transaction if such Uplisting Transaction is completed within twenty four (24) months of date of the Closing Date;

2. 16,000,000 Resulting Issuer Shares will be issuable upon the satisfaction of Milestone B, being the Resulting Issuer successfully raising in the aggregate US$10 million or more in equity and/or debt financing within forty-eight (48) months of the Closing Date; and

3. 16,000,000 Resulting Issuer Shares will be issuable upon the satisfaction of Milestone C, being the Resulting Issuer completing a clinical trial within forty-eight (48) months of the Closing Date;

(ii) up to 4,000,000 Resulting Issuer Shares in connection with the issuance of securities upon the exercise of any Payment Warrants; and

(iii) up to 4,000,000 Resulting Issuer Shares in connection with the issuance of securities upon the conversion of the Convertible Gride Note.

If completed, the Qualifying Transaction is intended to constitute a Reverse Takeover in compliance with Policy 5.2 of the TSXV Manual and SciSparc will own the substantial majority of the Resulting Issuer Shares.

Steps of the Qualifying Transaction

As at the date of this Filing Statement, Miza has 18,100,000 Miza Common Shares issued and outstanding, as well as 500,000 Miza Options exercisable at $0.10 per Miza Common Share. As at date of this Filing Statement, SNI has 116 SNI Shares issued and outstanding.

The Qualifying Transaction is not a Non-Arm's Length Transaction and as such, Miza Shareholders are not required to approve the Qualifying Transaction.

As of the Closing Time, each current member of the Miza Board will resign, the size of the Resulting Issuer Board will be adjusted to four directors and will be comprised of Itschak Shrem, Lior Vider, Alon Dayan and Ohad David, with each appointee being subject to acceptance by the TSXV and other regulatory bodies.

Information Concerning the Resulting Issuer

Upon completion of the Qualifying Transaction, there will be approximately 84,400,000 Resulting Issuer Shares issued and outstanding on a non-diluted basis, of which approximately 63,300,000 Resulting Issuer Shares will be held by SciSparc, 3,000,000 Resulting Issuer Shares will be held by the Finders and 18,100,000 Resulting Issuer Shares will be held by former Miza Shareholders. Upon completion of the Qualifying Transaction, the Resulting Issuer will be owned on a non-diluted basis as follows: approximately 75.00% by SciSparc, approximately 3.55% by the Finders and approximately 21.45% by former Miza Shareholders.

If all of: (i) the Resulting Issuer CVRs; (ii) the Resulting Issuer Options; (iii) Resulting Issuer Warrants; and (iv) the Convertible Note outstanding following Closing was converted in its entirety, then upon completion of the Qualifying Transaction, the Resulting Issuer would have approximately 140,900,000 issued and outstanding Resulting Issuer Shares, of which approximately 119,300,000 Resulting Issuer Shares will be held by SciSparc, 3,000,000 Resulting Issuer Shares will be held by the Finders and 18,100,000 Resulting Issuer Shares will be held by former Miza Shareholders and 500,000 Resulting Issuer Shares will be held by the former holders of Miza Options. Upon completion of the Qualifying Transaction, the Resulting Issuer will be owned on a fully-diluted basis as follows: approximately 84.67% by SciSparc, approximately 2.13% by the Finders, 12.85% by the former shareholders of Miza and 0.35% by the former holders of Miza Options.

Implementation of the Qualifying Transaction is subject to receipt of all requisite regulatory approvals, shareholder and director approvals, third-party consents and other customary conditions.

Completion of the Qualifying Transaction

The Qualifying Transaction will be completed and the Purchase Agreement will become effective at the Closing Time. It is currently anticipated that the Closing Date will be on or about October 22, 2025.

Following completion of the Qualifying Transaction, the Resulting Issuer Shares are expected to be listed on the TSXV under the trading symbol "NTLX". See "*Information Concerning the Resulting Issuer – Description of Resulting Issuer Securities*".

Conditional Listing Approval

The TSXV has conditionally accepted the Qualifying Transaction subject to Miza and SciSparc fulfilling all of the requirements of the TSXV on or before October 23, 205.

INFORMATION CONCERNING MIZA

Corporate Structure

Name, Address and Incorporation

Miza was incorporated pursuant to the provisions of the BCBCA on January 18, 2021. The registered and records office and head office of Miza is located at Suite 1510, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

Intercorporate Relationships

As of the date of this Filing Statement, Miza does not have any subsidiaries.

General Development of the Business

Miza is a CPC within the meaning of the policies of the Exchange. Miza was created to identify and evaluate potential acquisitions of commercially viable businesses and assets that have the potential to generate profits and add shareholder value. Except as specifically contemplated in the CPC policy of the Exchange, until the completion of the proposed Transaction or other "Qualifying Transaction" as defined in the policies of the Exchange, Miza will not carry on business other than identification and evaluation of companies, businesses or assets with a view to completing a proposed qualifying transaction.

Miza held an annual general and special meeting of Miza Shareholders on September 12, 2024, where the Miza Shareholders approved, among other things, the annual re-approval of the Miza Stock Option Plan and the adoption of the Equity Incentive Plan, all as further described in Miza's management information circular in respect of the Meeting dated August 9, 2024, a copy of which is available on Miza's SEDAR+ profile at www.sedarplus.ca. Also see *"Information Concerning the Resulting Issuer – Options to Purchase Securities*" and *"Information Concerning the Resulting Issuer – Equity Incentive Plan".*

USD Note Financing

Prior to completion of the proposed Transaction, the Company anticipates completing an arm's length USD promissory note (the "**USD Note**") financing for gross proceeds of not less than US$350,000, whereby such indebtedness will incur 7.0% interest per annum and will mature 13 months from the date of issuance of the USD Note.

Selected Financial Information and MD&A

Selected Financial Information

The following table sets out certain selected financial information of Miza in summary form for the fiscal years ended January 31, 2025 and January 31, 2024 and for the six months ended July 31, 2025:

	Fiscal Year Ended January 31, 2025 (audited) ($)	**Fiscal Year Ended January 31, 2024 (audited) ($)**	**Six Months Ended July 31, 2025 (unaudited) ($)**
Summary Operating Results			
Revenue	Nil	Nil	Nil
Total comprehensive income (loss)	(255,459)	(104,716)	(32,992)
Balance Sheet Data			
Cash	1,079,346	1,220,118	1,046,679

Total assets	1,080,628	1,221,400	1,047,961
Total liabilities	155,999	41,312	156,324
Shareholders' equity	924,629	1,180,088	891,637

Management's Discussion and Analysis

Financial information relating to Miza, including (i) its audited financial statements as at and for years ended January 31, 2025 and January 31, 2024, and the related management's discussion and analysis for the year ended January 31, 2025, and (ii) its reviewed condensed interim financial statements for the six months ended July 31, 2025, and the related management's discussions and analysis for the six months ended July 31, 2025, are attached hereto as Schedules A, B, C, and D. Certain information included in such management's discussion and analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Cautionary Note Regarding Forward-Looking Information".*

Description of Securities

The authorized capital of Miza consists of an unlimited number of Miza Common Shares without nominal or par value. As at the date of this Filing Statement, 18,100,000 Miza Common Shares were issued and outstanding.

The holders of Miza Common Shares are entitled to dividends, if, as and when declared by the Miza Board, to one vote per Miza Common Share at meetings of the shareholders of Miza and, upon dissolution, to share equally in such assets of Miza as are distributable to the holders of Miza Common Shares.

Stock Option Plan

The Miza Stock Option Plan was adopted by the Miza Board on March 4, 2021 and was most recently approved and confirmed by the Miza Shareholders at the annual general and special meeting of the Miza Shareholders held on September 12, 2024. The Miza Stock Option Plan provides that, subject to the requirements of the TSXV, the aggregate number of Miza Common Shares reserved for issuance pursuant to Miza Options granted under the Miza Stock Option Plan will not exceed 10% of the number of Miza Common Shares that are issued and outstanding from time to time.

The Miza Stock Option Plan will be used to provide share purchase options to be granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of Miza. In determining the number of options to be granted to the executive officers, the Miza Board will take into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants were in accordance with the policies of TSXV, and closely aligned the interests of the executive officers with the interests of shareholders. The directors of Miza will also be eligible to receive stock option grants under the Miza Stock Option Plan, and Miza will apply the same process for determining such awards to directors as with NEOs.

The following is a summary of the Miza Stock Option Plan, which is qualified in its entirety by the full text of the Miza Stock Option Plan, a copy of which is available on SEDAR+ at www.sedarplus.ca. In the case of conflict between this summary and the Miza Stock Option Plan, the terms of the Miza Stock Option Plan will govern. Capitalized terms used but not defined in the following section shall have the meaning ascribed to such term in the Miza Stock Option Plan.

Key Terms	Summary
Administration	The Miza Stock Option Plan is administered by the Miza Board in accordance with its express terms, or such committee of the Miza Board (consisting of not less than three

Key Terms	Summary
	(3) of its members) as may be designated as administrator by the Miza Board (the "**Committee**"). The Committee, if designated, shall make recommendations to the Miza Board. Such recommendations may include, but not be limited to, the follow: i. resolution of questions arising in respect of the administration, interpretation and application of the Miza Stock Option Plan; ii. reconciliation of any inconsistency or defect in the Miza Stock Option Plan in such manner and to such extent as shall reasonably be deemed necessary or advisable to carry out the purpose of the Miza Stock Option Plan; iii. determination of the Consultants, Employees, Officers and Directors (or their wholly-owned corporations) to whom, and when, Miza Options should be granted, as well as the number of Miza Common Shares subject to each Miza Option; iv. determination of the terms and conditions of the option agreement to be entered into with any Optionee, consistent with the Miza Stock Option Plan; and v. determination of the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Miza Stock Option Plan. Notwithstanding the foregoing, for so long as the Miza Common Shares are listed and posted for trading on the TSXV, no amendment requiring Disinterested Shareholders Approval, Shareholders approval, and/or TSXV approval may be made without such approval.
Securities	Each Miza Option entitles the holder thereof (an "**Optionee**") to purchase a number of Miza Common Shares as determined by the Miza Board at the time of the grant of the Miza Option.
Eligibility	Any *bona fide* Employee, Director, Officer or Consultant of the Company (including any Subsidiary of the Company) or Management Company Employee, as the Miza Board may determine (each, an "**Eligible Person**") is eligible under the Miza Stock Option Plan to receive Miza Options.
Number of Optioned Shares	While the Company is a CPC the aggregate number of Miza Common Shares which may be subject to issuance pursuant to Miza Options granted under the Miza Stock Option Plan shall not exceed 10% of the issued and outstanding Miza Common Shares as at the closing of its initial public offering, and after the completion of the Company's Qualifying Transaction the maximum number of Miza Common Shares reserved under the Miza Stock Option Plan shall be up to 10% of the issued and outstanding Miza Common Shares as of each date that any Miza Options are granted (the "**Grant**

Key Terms	Summary
	Date") with certain limits as outlined below in this table opposite the heading "*Limitations*".
Exercise Price	The exercise price of a Miza Option will be determined by the Miza Board in its sole discretion, provided that the exercise price per Miza Common Share granted by the Company prior to the closing of the Qualifying Transaction cannot be less than the greater of the IPO Share price, which was $0.10 per Miza Common Share, and the Discounted Market Price (as defined under TSXV Policies). Any Miza Options issued in connection with the Qualifying Transaction must have an exercise price not less than the greater of (a) the deemed price per share of Miza Common Shares issued in connection with the Qualifying Transaction; (b) the price of any concurrent financing; and (c) the Discounted Market Price at the time of announcement of such Miza Option grant. Following completion of the Qualifying Transaction, the exercise price of any Miza Option granted by the Miza Board will not be less than the Discounted Market Price of the Miza Common Shares on the TSXV on the trading day immediately preceding the Grant Date, or if no prices are reported on that date, on the last preceding date on which such prices of the Miza Common Shares are so reported.
Vesting	Subject to the discretion of the Miza Board, the Miza Options granted to an Optionee under the Miza Stock Option Plan shall fully vest on the Grant Date of such Miza Options. In accordance with the policies of the TSXV, and subject to their approval to the contrary, Miza Options issued to Consultants providing investor relations services must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than 1/4 of the Miza Options vesting in any 3 month period. Miza Options cannot be granted to Consultants providing investor relations service prior to completion of the Qualifying Transaction.
Expiry	The expiry date of Miza Options will be determined by the Miza Board at the time of grant (the "**Expiry Date**"), provided that the Expiry Date of a Miza Option will be no later than the tenth anniversary of the Grant Date of the Miza Option.
Cessation of Employment	In event that an Optionee ceases to be an Eligible Person for any reason other than death, the Miza Options held by such Optionee shall terminate within a reasonable time as specified by the Miza Board at the time of granting the applicable Miza Options, such period to not exceed a period of one year from the date of termination, and all rights to purchase Miza Common Shares under such Miza Option shall cease and expire and be of no further force or effect. Notwithstanding the foregoing, Miza Options granted to any Optionee of the Company while the Company is a Capital Pool Company, where the Optionee does not continue as a Director, Officer, Consultant or Employee of the Resulting Issuer, have a maximum term of 12 months after the Optionee ceases to become a Director, Officer, Consultant or Employee of the Resulting Issuer, following which all rights to purchase Miza

Key Terms	Summary
	Common Shares under such Miza Option shall cease and expire and be of no further force or effect. If an Optionee dies prior to the expiry of their Miza Options, such Optionee's legal representatives may exercise any portion of such Miza Option, by the earlier of: i. one year from the date of the Optionee's death (or such lesser period as may be specified by the Miza Board on the Date of Grant of such Miza Options); and ii. the expiry date of the Miza Options.
Limitations	(A) The number of Miza Common Shares reserved for issuance to any one person pursuant to Miza Options granted under the Miza Stock Option Plan, together with any Miza Common Shares reserved for issuance pursuant to Miza Options granted to that person during the previous 12 months in the case that the Company is a Tier 2 Issuer, shall not exceed 5% of the issued and outstanding Miza Common Shares at the time of granting of the Miza Options, provided that the aggregate number of Miza Options granted to: i. any one Consultant; and ii. all persons in the aggregate employed in investor relations activities on behalf of the Company (provided that while the Company is a CPC, it must not grant any Miza Options to such persons employed in investor relations activities) must not exceed 2% of the outstanding Miza Common Shares at the Date of Grant unless the TSXV permits otherwise. (B) Unless Disinterested Shareholder Approval is obtained, under no circumstances shall the Miza Stock Option Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Miza Common Shares, result in or allow at any time: i. the number of Miza Common Shares reserved for issuance pursuant to Miza Options granted to Insiders exceeding 10% of the outstanding Miza Common Shares at the Date of Grant; ii. the issuance to Insiders, within a one year period, of a number of Miza Common Shares exceeding 10% of the outstanding Miza Common Shares at the Date of Grant; iii. the issuance to any one Insider and such Insider's Associates, within a one year period, of a number of Miza Common Shares exceeding

Key Terms	Summary
	5% of the outstanding Miza Common Shares at the Date of Grant; or iv. any reduction in the exercise price or extension of exercise term of Miza Options granted to any person who is an Insider at the time of the proposed reduction or extension, as the case may be.
Hold Period	In addition to any resale restrictions under applicable laws and any other circumstances for which the TSXV Hold Period may apply, if the exercise price of a Miza Option is set at a discount to the Market Price (as defined in Exchange Policies), or if Miza Options are granted to Insiders or to Consultants, the Option Agreements and the certificates representing any Miza Common Shares realized on the exercise thereof must be legended with the TSXV Hold Period commencing on the date the Miza Options were granted.

As of the date of this Filing Statement, there are 500,000 Miza Options issued and outstanding to directors and officers of Miza, each may be exercised to acquire one Miza Common Share at a price of $0.10 per Miza Common Share with an expiry date of July 19, 2026.

Market Price and Trading Volume Data

The Miza Common Shares have been posted for trading on the TSXV since July 19, 2021 under the trading symbol "MIZA.P". The trading of Miza Common Shares has been halted since July 8, 2024, pending completion of the Qualifying Transaction. The market price of the Miza Common Shares on the TSXV on July 5, 2024, the final day of trading immediately prior to the halt, was $0.15 per Miza Common Share. Miza Common Shares remain halted as of the date of this Filing Statement. The following table sets forth certain trading information for Miza Common Shares on the TSXV for the periods noted below:

Period	High	Low	Trading Volume
December 2024	$0.15	$0.15	0
November 2024	$0.15	$0.15	0
October 2024	$0.15	$0.15	0
September 2024	$0.15	$0.15	0
August 2024	$0.15	$0.15	0
July 2024(1)	$0.15	$0.15	0
June 2024	$0.15	$0.15	0
May 2024	$0.20	$0.14	1,500
April 2024	$0.14	$0.14	0
March 2024	$0.14	$0.13	649
February 2024	$0.135	$0.13	10,000
January 2024	$0.15	$0.13	5,000
December 2023	$0.155	$0.13	4,250

Notes:
(1) Trading of the Miza Common Shares has been halted since July 8, 2024.

Executive Compensation

The following description of the executive compensation of Miza is provided further to Form 51-102F6V "*Statement of Executive Compensation – Venture Issuers*".

Director and Named Executive Officer Compensation Excluding Compensation Securities

Named Executive Officers

Set out below are particulars of compensation paid to the following persons (the "**Named Executive Officers**" or "**NEO**"s):

(a) each individual who, in respect of Miza, during any part of the most recently completed financial year, served as CEO, including an individual performing functions similar to a CEO;

(b) each individual who, in respect of Miza, during any part of the most recently completed financial year, served as CFO, including an individual performing functions similar to a CFO;

(c) in respect of Miza and its subsidiaries, the most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than $150,000, as determined in accordance with applicable securities rules, for that financial year; and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of Miza, nor acting in a similar capacity, at the end of that financial year.

As at the end of the financial year ended January 31, 2025, based on the definition above, the sole NEO of Miza was Azim Dhalla, the President, CEO, CFO and Corporate Secretary of Miza.

Table of Compensation Excluding Compensation Securities

The following table sets out compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Miza or a subsidiary of Miza, to each applicable NEO and director, in any capacity, for each of Miza's financial years ended January 31, 2025 ("**FY 2025**") and 2024 ("**FY 2024**")

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
AZIM DHALLA President, CEO, CFO, Corporate Secretary and Director[1]	FY 2025 FY 2024	Nil Nil	Nil Nil	Nil Nil	Nil Nil	$7,875[4] $31,500[5]	$7,875 $31,500
JASON D'SILVA Director[2]	FY 2025 FY 2024	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
NIZAR BHARMAL Director[3]	FYI 2025 FY 2024 FY 2023	Nil Nil	Nil Nil	Nil Nil	Nil Nil	$1,575[6] $6,300[7]	$1,575 $6,300

Notes:

(1) President, CEO and Director of Miza as of January 18, 2021. CFO and Corporate Secretary of Miza since May 10, 2021.
(2) Director of Miza as of January 29, 2021.
(3) Director of Miza as of January 29, 2021.
(4) Represents $3,150 in office administration fees and $4,725 in office rent paid to A. Dhalla Management Inc., a wholly-owned corporation of Azim Dhalla.
(5) Represents $12,600 in office administration fees and $18,900 in office rent paid to A. Dhalla Management Inc., a wholly-owned corporation of Azim Dhalla.
(6) Represents $1,575 in accounting fees paid to Nizar Bharmal Inc., a wholly-owned corporation of Nizar Bharmal.
(7) Represents $6,300 in accounting fees paid to Nizar Bharmal Inc., a wholly-owned corporation of Nizar Bharmal.

External Management Companies

Other than as disclosed in this Filing Statement, no NEO or director of Miza has been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with Miza to provide executive management services to the Miza, directly or indirectly.

Stock Options and Other Compensation Securities

There were no compensation securities granted to any NEO or director of Miza during the financial year ended January 31, 2025. As at January 31, 2025, Miza has the following compensation securities issued and outstanding to the directors and NEOs of Miza: (a) 333,350 Miza Options issued to Azim Dhalla, President, CEO, CFO, Corporate Secretary and Director of Miza; and (b) 166,650 Miza Options issued to Jason D'Silva, Director of Miza.

No compensation security has been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEOs

No NEO or director of Miza exercised any compensation security during the financial year ended January 31, 2025.

Interests of Insiders, Promoters and Control Persons

No Insider, Promoter or Control Person of Miza or their respective Associates and Affiliates (before giving effect to the Qualifying Transaction) have any interest in the Target Assets and the Target Shares.

Non-Arm's Length Transaction

Other than as disclosed in this Filing Statement, within the previous 24 months from the date of this Filing Statement and to Miza's knowledge, Miza has not acquired any assets or services from (i) any director, officer or "promoter" of Miza (as such term is defined in the *Securities Act* (British Columbia)); (ii) any party disclosed in this Filing Statement as a principal securityholder; or (iii) an Associate or Affiliate of any of the persons or companies referred to in section (i) or (ii).

The Qualifying Transaction is not a Non-Arm's Length Transaction.

Conflicts of Interest

Certain directors, officers and Promoters of the Resulting Issuer are associated with other reporting issuers or other corporations that may give rise to conflicts of interest. Please see "*Information Concerning the Resulting Issuer – Other Reporting Issuers*" below. In accordance with the BCBCA, directors or officers of the Resulting Issuer who have a material interest in a material contract or a proposed material contract with the Resulting Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer.

Some of the directors and officers of the Resulting Issuer have or will have either other employment or other business or time restrictions placed on them and, accordingly, these directors and officers of the Resulting Issuer will only be able to devote part of their time to the affairs of the Resulting Issuer. See "*Information Concerning the Resulting Issuer – Risk Factors – Conflicts of Interest*".

Legal Proceedings

Miza has not been, and is not presently involved in, any legal proceedings and insofar as it is aware, no such proceedings are contemplated.

Auditor, Transfer Agents and Registrars

Auditor

The auditors of Miza are DMCL LLP, Chartered Professional Accountants, located at Suite 1500-1700, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1. The auditor is independent with respect to the Issuer within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Transfer Agent and Registrar

Miza's transfer agent and registrar is Endeavor Trust Corporation at its principal office in Vancouver, British Columbia located at Suite 702, 777 Hornby Street, V6Z 1S4.

Material Contracts

Miza has not entered into any material contracts and is not expected to enter into any material contracts prior to the Closing, other than:

(a) Asset and Share Purchase Agreement; and

(b) TSXV Escrow Agreement between Miza, the Escrow Agent and the holders of the Escrowed Securities.

Copies of the foregoing agreements will be available for inspection at the registered offices of Miza, Suite 1510, 789 West Pender Street, Vancouver, British Columbia, during ordinary business hours, until the completion of the Qualifying Transaction and for a period of 30 days thereafter.

INFORMATION CONCERNING THE TARGET BUSINESS

Corporate Structure

Names, Addresses and Incorporation

SciSparc is a company incorporated under the laws of the State of Israel on August 23, 2004. The head office and registered office of SciSparc is located at 20 Raul Wallenberg St., Tower A, 2nd Floor, Tel Aviv 6971916, Israel.

General Overview of Target Business

SciSparc is a specialty clinical-stage pharmaceutical company. SciSparc's focus is creating and enhancing a portfolio of technologies and assets based on cannabinoid therapies. With this focus, SciSparc has been engaged in developing and testing pharmaceutical compositions comprised of N-acylethanolamines and cannabinoids such as PEA, Δ^9THC and CBD and/or other cannabinoid receptors agonists. The Target Assets comprise, among other things, of the intellectual property relating to the following pharmaceutical compositions developed by SciSparc: (i) SCI-110 for the treatment of TS and for the treatment of Alzheimer's disease and agitation; and (ii) SCI-210 for the treatment of ASD and SE.

SCI-110 is a proprietary drug candidate based on two components: (1) Δ^9THC, which is dronabinol (a synthetic delta-9-tetrahydrocannabinol), and (2) CannAmide™, a proprietary PEA, formulation. PEA is an

endogenous fatty acid amide that belongs to the class of nuclear factor agonists, which are molecules that regulate the expression of genes. SciSparc believes that the combination of Δ^9THC and PEA may induce a reaction known as the "sparing effect," which has strong potential to treat various diseases of the central nervous system such as TS and Alzheimer's disease and agitation.

SCI-210 is a proprietary drug candidate based on two components: (1) CBD, and (2) CannAmide™. SciSparc believes that the combination of CBD and PEA may also induce a sparing effect reaction, which has strong potential to treat various diseases such as ASD and SE.

Intellectual Property Portfolio

Patents

The following patents which form part of the Target Assets are comprised of seven patent families. The following table summarizes SciSparc's portfolio of patents that comprise the Target Assets (collectively, the "**Target Patents**"):

Country	Status	Effective Filing Date	Title	Estimated Expiration Date	Product Covered
Australia	Granted	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
Australia	Granted	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
Australia*	Pending	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
Canada	Granted	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
United States of America	Granted	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
United States of America	Granted	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
United States of America	Granted	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
United States of America*	Published	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
United States of America	Published	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
Israel	Granted	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
Israel*	Pending	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
China*	Published	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210

Country	Status	Effective Filing Date	Title	Estimated Expiration Date	Product Covered
European Patent Convention	Granted	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
European Patent Convention	Published	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
Japan	Granted	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
Hong Kong (EP)	Published	19-Apr-2016	COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES	April 2036	SCI-110 SCI-210
Australia	Granted	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
Australia	Granted	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
Australia	Pending	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
Israel	Allowed	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
China	Published	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
Japan	Granted	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
Hong Kong(CN)	Published	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
European Patent Convention[(1)]	Granted	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
United States of America	Published	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
Canada	Granted	17-May-2016	COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES	May 2036	N/A
European Patent Convention	Published	25-Jan-2019	COMPOSITIONS AND METHODS FOR TREATING OBSTRUCTIVE SLEEP APNEA	January 2039	SCI-110
Australia	Granted	25-Jan-2019	COMPOSITIONS AND METHODS FOR TREATING OBSTRUCTIVE SLEEP APNEA	January 2039	SCI-110
Australia	Pending	25-Jan-2019	COMPOSITIONS AND METHODS FOR TREATING OBSTRUCTIVE SLEEP APNEA	January 2039	SCI-110

Country	Status	Effective Filing Date	Title	Estimated Expiration Date	Product Covered
Hong Kong	Published	25-Jan-2019	COMPOSITIONS AND METHODS FOR TREATING OBSTRUCTIVE SLEEP APNEA	January 2039	SCI-110
Canada	Pending	25-Jan-2019	COMPOSITIONS AND METHODS FOR TREATING OBSTRUCTIVE SLEEP APNEA	January 2039	SCI-110
Australia	Pending	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
Canada	Pending	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
China	Published	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
European Patent Convention	Published	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
Hong Kong (CN)	Published	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
Israel	Pending	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
Japan	Published	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
Mexico	Pending	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
Russia	Published	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
United States of America	Published	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING	April 2040	N/A

Country	Status	Effective Filing Date	Title	Estimated Expiration Date	Product Covered
			DERIVATIVES OF 4-AMINOPHENOLS		
Hong Kong (EP)	Published	22-Apr-2020	COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS	April 2040	N/A
United States of America	Granted	13-Jul-2017	COMPOSITIONS AND METHODS OF POTENTIATING ANTIMICROBIALS	July 2037	N/A
United States of America	Published	13-Jul-2017	COMPOSITIONS AND METHODS OF POTENTIATING ANTIMICROBIALS	July 2037	N/A
European Patent Convention	Granted	13-Jul-2017	COMPOSITIONS AND METHODS OF POTENTIATING ANTIMICROBIALS	July 2037	N/A
China	Published	13-Jul-2017	COMPOSITIONS AND METHODS OF POTENTIATING ANTIMICROBIALS	July 2037	N/A
China	Published	13-Jul-2017	COMPOSITIONS AND METHODS OF POTENTIATING ANTIMICROBIALS	July 2037	N/A
United States of America	Granted	10-Nov-2009	Compositions comprising CB receptor agonists, uses thereof and methods for their preparation	October 2029	N/A
European Patent Convention	Granted	10-Nov-2009	Composition comprising CB receptor agonists and uses thereof	October 2029	N/A
Australia	Pending	2-Aug-2021	METHODS FOR MAINTAINING MICROVASCULAR INTEGRITY	August 2041	N/A
Canada	Pending	2-Aug-2021	METHODS FOR MAINTAINING MICROVASCULAR INTEGRITY	August 2041	N/A
China	Published	2-Aug-2021	METHODS FOR MAINTAINING MICROVASCULAR INTEGRITY	August 2041	N/A
European Patent Convention	Published	2-Aug-2021	METHODS FOR MAINTAINING MICROVASCULAR INTEGRITY	August 2041	N/A
Israel	Pending	2-Aug-2021	METHODS FOR MAINTAINING MICROVASCULAR INTEGRITY	August 2041	N/A

Country	Status	Effective Filing Date	Title	Estimated Expiration Date	Product Covered
Japan	Published	2-Aug-2021	METHODS FOR MAINTAINING MICROVASCULAR INTEGRITY	August 2041	N/A
United States of America	Published	2-Aug-2021	METHODS FOR MAINTAINING MICROVASCULAR INTEGRITY	August 2041	N/A
Hong Kong	Published	2-Aug-2021	METHODS FOR MAINTAINING MICROVASCULAR INTEGRITY	August 2041	N/A

Note:
** Excluding the combination of synthetic cannabinoid + PEA for pain indication.*

Trademarks

Generally, trademarks are registered for a fixed period, as set forth in the applicable legal provisions, and may be renewed at the end of each period. Below is a table summarizing registered trademarks and/or applications filed by SciSparc (or SNI) for the registration of trademarks in its name, which comprise the Target Assets (collectively, the "**Target Trademarks**" and, together with the Target Patents, the "**Target Assets**"):

Name of Trademark	Serial Number	Status of the application process	Countries where the registration application was filed	The rights in the trademark	Date of filing of the application for approval	Date of registration of the trademark
CannAmide™	98499872	New application awaiting assignment to an examining attorney	United States of America	Ownership	April 15, 2024	N/A
WELLUTION™	88345459	Registered Trademark	United States of America	Ownership(1)	March 18, 2019	September 24, 2019
	97616592	Registered Trademark	United States of America	Ownership(1)	October 3, 2022	November 19 2024

Note:
(1) WELLUTION™ is owned by SNI, a partially-owned subsidiary of SciSparc.

Description of Target Business

The Target Business is focused on therapies based on cannabinoids. Particularly, the Target IP relates to developing and testing pharmaceutical compositions comprised of N-acylethanolamines and cannabinoids such as PEA and Δ^9THC and/or CBD and/or other cannabinoid receptor agonists, from which SciSparc has derived, which include: (a) SCI-110 for the treatment of Tourette syndrome and Alzheimer's disease and agitation; (b) SCI-210 for the treatment of ASD and SE, which form part of the Target IP; (c) CannAmide™; and (d) therapies developed through a collaboration with Clearmind. Of the proposed use of the available funds by the Resulting Issuer for the 12 month period after giving effect to the Qualifying Transaction allocated to research and development expenses equaling US$926,247, the Resulting Issuer anticipates that an aggregate of US$641,247 will be allocated to SCI-110, US$213,749 will be allocated to SCI-210, and US$71,251 will be allocated to therapies developed through a collaboration with Clearmind.

Opportunity for SCI-110 – Alzheimer's Disease and Agitation

Alzheimer's Disease and Agitation

Alzheimer's disease is the most common type of dementia, accounting for over two-thirds of cases of dementia. Alzheimer's disease is a neurodegenerative disease that causes progressive and disabling impairment of cognitive functions including memory, comprehension, language, attention, reasoning and judgment. Symptoms of Alzheimer's disease depend on the stage of the disease. Neuropsychiatric symptoms like apathy, social withdrawal, disinhibition, agitation, psychosis, insomnia, poor appetite and wandering are also common in the mid to late stages.

Alzheimer's Disease and Agitation Market Opportunity

It is estimated that the global Alzheimer's therapeutics market is projected to reach $10.4 billion by 2035 from $4.28 billion in 2023 with a CAGR of 9.23%. The demand for Alzheimer's therapeutics is accelerating due to a wave of breakthrough drug approvals, increased investment in disease-modifying therapies, and advancements in precision medicine. Researchers are focusing on transforming treatments from symptom management to targeted interventions that slow disease progression. The integration of monoclonal antibodies, small-molecule inhibitors, and gene therapies is expected to reshape treatment efficacy and accessibility.

Current Alzheimer's Disease and Agitation Treatment

The current pharmacological treatment of agitation in Alzheimer's disease has an unsatisfactory benefit/risk ratio and often involves using off-label drugs. Antipsychotic drugs, which are the most frequently used drugs for this purpose, are only marginally better than placebo.

Clinical Studies

The drug product, SCI-110, is a unique proprietary combination of dronabinol (synthetic delta-9-tetrahydrocannabinol (Δ^9-THC)), and PEA.

In February 2021, SciSparc signed an agreement with The Israeli Medical Center for Alzheimer's, to conduct a phase IIa clinical trial to evaluate the safety, tolerability and efficacy of SCI-110 in patients with Alzheimer's disease and agitation using SciSparc's proprietary cannabinoid-based technology. The study's primary objective is the safety of SCI-110 and the secondary objective is the ability of the compound to ameliorate agitation and other behavioral disturbances in patients with Alzheimer's disease.

This Phase IIa clinical trial was an open label clinical trial, which included 18 patients diagnosed with AD and agitation, to evaluate the safety, tolerability and efficacy trends of twice daily oral administration of SCI-110. Results showed that the clinical trial met its primary endpoints of the number of drop-out subjects due to poor tolerability and the number of clinical trial treatment-related adverse events, with no SCI-110 related safety issues observed and no dropouts from the clinical trial due to clinical trial medication. Specifically, SCI-110 did not cause delirium, oversedation, hypotension or falls. In addition, analysis of the clinical trial results showed that the clinical trial also met its secondary endpoint of change from baseline to end of treatment in agitation measured by the Cohen Mansfield Agitation Inventory ("**CMAI**") where out of 15 patients treated with SCI-110 at least two consecutive times during the clinical trial, thirteen of them at doses ranging between 7.5mf-12.5mg/day showed amelioration in agitation with no need to use rescue medication to control agitation. CMAI is a standard measure for measuring agitation in people with dementia. The clinical trial showed that these subjects had amelioration in agitation (paired t-test: CMAI mean difference (mean +/- SD) =10.6+/-14.88, t= 2.76, df=14, p=0.015) from baseline (CMAI: 45.87 +/- 15.17) to endpoint (CMAI: 35.27 +/- 11.09). This resulted in an average reduction of 23% across the entire sample.

In the exploratory endpoints, a decrease in eating and feeding difficulties was shown in 11 patients out of the 15 patients treated at least two consecutive times during the trial as measured by the Edinburgh Feeding Evaluation in Dementia Scale, although the increase was not significant. No effect from the treatment was observed on cognitive measurements and sleep quality, as measured by the Mini Mental State Exam and by the and the Sleep Disorder Inventory, respectively.

Opportunity for SCI-210 – Autism Spectrum Disorder

Autism Spectrum Disorder

ASD is a neurodevelopmental disorder. The specific etiologies and neural bases of autism remain largely unknown; it has been proposed that alterations in multiple genes in combination with environmental factors constitute the cause for the development of the autism phenotype. ASD is characterized by early dysfunction in communication and social interactions, presenting with repetitive, restrictive, stereotyped patterns of behavior and loss of interest in diverse activities. Additionally, ASD is frequently accompanied by impairments in adaptive functioning, sensory processing disorder, aggression, or self-injury.

In August 2024, SciSparc announced the enrollment of the first five patients in the clinical trial of SCI-210 in children with ASD at Soroka Medical Center in Israel. In December 2024, SciSparc announced the renewal by the Israeli Medical Cannabis Agency of the clinical trial for SCI-210 in children with ASD.

ASD Market Opportunity

According to the World Health Organization (the "**WHO**") fact sheet on ASD 2023, It is estimated that worldwide about 1 in 100 children has autism (*) This estimate represents an average figure, and reported prevalence varies substantially across studies. Some well-controlled studies have, however, reported figures that are substantially higher. The prevalence of autism in many low- and middle-income countries is unknown. Globally, an estimated 61.8 million people were identified as having autism in 2021, according to a study published by the Global Burden of Disease. This represents approximately 1 in 127 people. The study also found that autism disproportionately affects younger populations, and that twice as many men receive a diagnosis as women. Around 1% of the world's population has autism spectrum disorder. That's more than 75,000,000 people, according to researched conducted by the CDC. 1 in every 100 children are diagnosed with autism spectrum disorder. Autism prevalence has increased 178% since 2000.

Autism Disorder and Treatment Market Valued at USD 6.5 billion in 2023, projected to grow from USD 7.0 billion in 2024 to USD 12.21 billion by 2032, exhibiting a CAGR of 7.20% during the forecast period (2024 – 2032). Government Initiatives to Increase Awareness for the Disorder and Rising Prevalence of the Condition are the key market drivers enhancing the autism disorder and Treatment market growth.

Current ASD Treatment

No cure exists for ASD. The goal of treatment is to maximize patients' ability to function by reducing ASD symptoms and supporting development and learning. The available pharmacological options for treating ASD-related symptoms are still very limited, and while a wide number of studies are focused on children or adolescents, there is a need to increase research about the treatment of ASD in adult subjects. ASD pharmacological treatment is mainly focused on treating specific symptoms rather than the disorder itself. During recent decades, several studies have evaluated the use of different classes of drugs, like antipsychotics, mood stabilizers, antidepressants, psychostimulants, alpha-2 adrenergic receptor agonists, cholinesterase inhibitors, and NMDA-receptor antagonists.

Treatment options may include: (i) behavior and communication therapies – successful programs typically include a team of specialists and a variety of activities to improve social skills, communication and behavior; and (ii) medications – to date, no medication can improve the core signs of ASD, specific medications can help control comorbidity symptoms. The main symptoms to be treated in patients with ASD are: epilepsy, aggression, hyperactivity, irritability, attention deficit, sleep problems, obsessions and anxiety.

Antipsychotic drugs are sometimes used to treat severe behavioral problems and antidepressants may be prescribed for anxiety. Among the main drugs used in the treatment of ASD are typical antipsychotics such as Haloperidol, Thioridazine, Chlorpromazine and the atypical risperidone, Olanzapine and Clozapine, whose use is more common. These are used with the objective to treat the child's behavioral problems by blocking the D2 dopaminergic channels, causing a diminished reaction to stimuli known as "neuroleptic syndrome" observed as calm and quiet behavior in the child. In turn, some atypical antipsychotics also exhibit an antagonism of type 2A receptors for serotonin, aside from their effect on the D2 channels. It is important to individualize the patient when these drugs are administered, since there are no pre-established criteria for dosing and such drugs could present extrapyramidal adverse effects such as tremors, sialorrhea, sedation, impaired liver function, etc. Serotonin reuptake inhibitors such as Fluoxetine, Paroxetine and Sertraline are given to children with autism because they have been found to increase 25% of serotonin levels in platelets and serum. This treatment is based on suppressing symptoms such as anxiety, depression, OCDs, and self-injurious behavior.

Unfortunately, about 40% of children with ASD and disruptive behavior do not respond well to standard behavioral and medical treatment. Consequently, an exceptionally high percentage of parents are seeking help through unproven methods, including the use of compounds made of the cannabis plant.

Clinical Studies

The drug product SCI-210 is a proprietary drug candidate based on two components: (1) CBD, and (2) CannAmide™.

On August 8, 2022, SciSparc announced that it had received approval from the MoH and Ethics Committee of Soroka Medical Center to conduct its clinical trial for SCI-210 in patients suffering ASD. On January 9, 2023, SciSparc signed an agreement with Soroka Medical Center to conduct the clinical trial on pediatric patients suffering from ASD. SciSparc's regulatory request to carry out this clinical trial was granted by the IMCA on July 10, 2023. This randomized, double-blind placebo-controlled clinical trial to evaluate the potential efficacy, safety and tolerability of SCI-210 in treating patients with ASD was initiated in July 2023. SciSparc initiated patient enrollment for the clinical trial in January 2024. In February 2024, SciSparc announced that it had successfully completed the manufacturing of the SCI-210 treatment for the clinical trial. In March 2024, the first patient was enrolled in this clinical trial.

Opportunity for SCI-210 – Status Epilepticus

Status Epilepticus

SE is a common life-threatening medical emergency characterized by an acute, prolonged epileptic seizure. SE can represent either the exacerbation of a pre-existing seizure or the initial manifestation of epilepsy. In order to avoid neurological sequelae, a timely treatment should be started. When the continuous seizure does not respond to conventional drug treatment, SE can pose serious life-threatening risks.

In 2018, GW's Epidiolex, a plant-based, pharmaceutical grade CBD extract was approved by the FDA for the treatment of seizures associated with two rare and severe forms of epilepsy. SciSparc's study for SCI-210 previously met its endpoint (efficacy) when comparing its effect to the effect of CBD alone in an in-vitro hepatocytes model of fat accumulation; the effect of CBD was enhanced by the addition of PEA, lowering the required effective concentration of CBD. In this study, SciSparc hopes to meet the study endpoint (efficacy) when comparing treatment using its pharmaceutical product candidate compared to the effect of CBD alone on SE and its neurological cognitive sequelae.

SE Market Opportunity

According to the World Health Organization, or WHO, fact sheet on epilepsy in 2024, around 50 million people have epilepsy, making it one of the most common neurological diseases globally. The risk of premature death in people with epilepsy is up to three times higher than for the general population.

Globally, an estimated 5 million people are diagnosed with epilepsy each year. In high-income countries, there are estimated to be 49 per 100,000 people diagnosed with epilepsy each year. In low- and middle-income countries, this figure can be as high as 139 per 100,000.

The epilepsy drugs market is forecast to experience significant growth, with estimations projecting the market to reach $11.85 billion by 2033, up from $7.92 billion in 2024. The growth is attributed to heightened global incidence of epilepsy, advancement in drug research and development, and a surge in public and healthcare recognition of the condition. Improved healthcare spending and increased accessibility to medical treatments further amplify market expansion.

Strategic initiatives taken by global health organizations and campaigns to raise awareness about epilepsy are significantly influencing the market dynamics. Governmental health bodies are reportedly fostering an environment conducive to the approval of new epilepsy treatments, which is propelling the market forward. These campaigns, coupled with the growing emphasis on National Epilepsy Awareness Month initiatives, improve the understanding of epilepsy and encourage an increase in the quality and reach of treatments available.

The pharmaceutical industry has seen a host of developments aimed at enhancing the treatment for epilepsy. Increased investment in research and development aspires to produce new and improved drugs, addressing not only medical needs but also economic considerations.

Current SE Treatment

The first-line treatment for early SE mainly comprises the administration of benzodiazepines, the most frequently used of which include Diazepam, Lorazepam, and Midazolam. Seizures continue and progress to established SE in about 40% of patients with Convulsive Status Epilepticus (CSE) despite benzodiazepine administration as the first-line treatment. The second-line treatment for established SE consists of a loading dose of antiepileptic drugs. Frequently used antiepileptic drugs include Phenytoin or Fosphenytoin, Valproate, Levetiracetam, Phenobarbital, and Lacosamide. There is no clear evidence for the relative superiority of any of these drugs.

Clinical Studies

The drug product SCI-210 is a proprietary drug candidate based on two components: (1) CBD, and (2) CannAmide™.

On December 7, 2022, SciSparc announced positive results from its pre-clinical study of SCI-210 on SE, conducted at The Sheba Fund for Health Services and Research at Chaim Sheba Medical Center, which reaffirms the potential of its proprietary combination products to have a positive effect while minimizing adverse side effects. SciSparc's SCI-210 platform combines PEA with CBD. The non-clinical trial objective was to study the potential therapeutic effects of SCI-210 on SE and on neuro-biochemical markers for neurological cognitive sequelae. A pilocarpine SE-induced mice (C57BL/6 male) model to study SCI-210's effects on seizure severity and mortality was used. After calibration, four groups of animals were studied: an effective-high dose CBD group, a sub-effective dose CBD group, a SCI-210 group (a combination of sub-effective CBD dose and PEA) and a non-treated control group. The results indicated differences in mortality rate as well as seizure rates over time. In the low-CBD group, a higher mortality rate (although not significant) was found and therefore it is reasonable to believe that no significant impact on neuronal protection was achieved. In the high-CBD group, higher, although not significant, levels of neuronal protection were found together with a decreased mortality rate when compared to control. The level of neuronal protection in the SCI-210 treatment was significantly higher compared to the control group and no mortality was found in this group. It was concluded that SCI-210 treatment may potentially be more effective than a CBD monotherapy. Moreover, since the concentrations used in the combo treatment are significantly lower than those recommended for CBD monotherapy, this treatment also has the potential to be safer.

Opportunity for Other Programs – CannAmide™

CannAmide™ is a cannabimimetic compound that regulates endocannabinoid levels by enhancing receptor sensitivity and inhibiting their metabolism, and is particularly attractive therapeutically as it appears to have a very high safety profile with low or no abuse liability. Although numerous clinical trials have shown the favorable effect of PEA as an analgesic agent it has low solubility.

In July 2019, SciSparc announced the issuance of a product license for its proprietary PEA oral tablet CannAmide™ by Health Canada's Natural and NNHPD, for the recommended use as an anti-inflammatory and to help relieve chronic pain. This license was issued by the NNHPD under the authority of the NHPR. Dosage form of the described natural health product is tablets composed of 400mg PEA with a recommended dose of one tablet three times a day. Chronic pain is estimated to affect 38% of people worldwide, and according to an analysis by the WHO, half of the most prevalent conditions responsible for living with disability is characterized by the presence of different kinds of pain. With the NNHPD license, SciSparc is able to offer safe and beneficial non-opiate pain management products. CannAmide™'s active compound PEA is a cannabimimetic compound that regulates endocannabinoid levels by enhancing receptor sensitivity and inhibiting their metabolism, and is particularly attractive therapeutically as it appears to have a very high safety profile with low or to no possibility for abuse. On February 10, 2021, SciSparc announced that it had entered into an agreement with Procaps, a leader in contract development and manufacturing services in softgel advanced technologies for the global pharmaceutical and nutraceutical industries, to develop and commercially manufacture both of SciSparc's drug candidates, SCI-110 and the proprietary PEA oral tablets CannAmide™, in softgel capsule form.

On June 7, 2023, SciSparc entered into a license and distribution agreement with SNI pursuant to which SciSparc granted SNI an exclusive license to sell and market its PEA oral tablets, CannAmide™ on the Amazon.com marketplace in Canada. SciSparc and SNI subsequently entered into an amendment to the license and distribution agreement effective as of June 7, 2024, whereby the term of such agreement was extended indefinitely. On closing of the Qualifying Transaction, SciSparc will provide an undertaking to the TSXV whereby it undertakes that it will not terminate or amend the license and distribution agreement for so long as SciSparc remains a Control Person of the Resulting Issuer.

Cannabinoids have great therapeutic potential and have been used for years for medicinal purposes. For example, cannabis and cannabinoids are being used to improve the quality of life of patients with numerous and diverse indications (oncological patients, chronic pain conditions, etc.). SciSparc believes that the novel approaches and unique mechanism of action of its proprietary technology platforms, including its drug delivery systems and unique combination and specific dosages, may be expanded to treat additional diseases and unmet medical needs.

In the future, SciSparc may consider expanding its pipeline to include these additional indications.

Opportunity for Other Programs – Collaboration with Clearmind

On March 7, 2022, SciSparc entered into a cooperation agreement (the "**Cooperation Agreement**"), with Clearmind Medicine Inc. ("**Clearmind**"). The Cooperation Agreement includes, among others, examination of the benefit of integrating the core technologies of each company to explore the development of psychedelic-centric drug candidates and targeting mental health-related diseases. Pursuant to the terms of the Cooperation Agreement, SciSparc conducted a joint pre-clinical study with Clearmind. Under the Cooperation Agreement, SciSparc aims to pursue, develop and commercialize psychedelic-centric drug candidates. SciSparc's collaboration with Clearmind has resulted as of the date of this Filing Statement, in the filing of thirteen patent applications, filed under Clearmind. Some patent applications refer to the combination of SciSparc's CannAmide™ with Clearmind's 5-Methoxy-2-aminoindane ("**MEAI**"), an innovative proprietary psychedelic treatment for addictions and others.

In May 2022, SciSparc announced that its collaboration with Clearmind resulted in the filing of a provisional patent application related to a psychedelic combination therapy treating numerous binge behaviors. The patent application referred to the combination of SciSparc's CannAmide™ with Clearmind's MEAI. The

patent application followed successful pre-clinical studies that showed a significant dose dependent effect for MEAI treatment in reducing alcohol consumption of treated animals, with additional significant effect for the CannAmide™ treatment at the lower sub-effective MEAI dose. Additionally, in May 2022, SciSparc announced positive safety profile results from its joint pre-clinical trial with Clearmind. The clinical trial tested the proprietary combination of SciSparc's CannAmide™ with Clearmind's psychedelic molecule, MEAI, for alcohol consumption. A histopathology assessment was conducted on several organs (heart, lungs, liver, kidneys, brain, pancreas, spleen, and thyroid gland) from all experiment groups (n=3-5 per group) to determine the safety of the proprietary combination of MEAI and CannAmide™ versus control (mice that were not exposed to alcohol). The severity of changes was scored by a 5-point scale by a qualified blinded toxicologist (Schafer et al., Toxicol Pathol 2018, 46:256-265). The results indicated a high safety profile of the combination treatment with no treatment-related changes observed.

In June 2022, SciSparc announced that its collaboration with Clearmind resulted in the filing of a provisional patent application related to treating cocaine addiction. The patent application refers to the proprietary combination of SciSaprc's CannAmide™ with Clearmind's MEAI, for treating cocaine addiction.

In August 2022, SciSparc announced additional positive preclinical results of its psychedelic-based pharma collaboration for treatment for cocaine addiction using MEAI. These preclinical study results added to SciSparc's announcements regarding its collaboration with Clearmind for their combination treatment based on SciSparc's CannAmide™ compound and Clearmind's MEAI for various addictions, including pre-clinical studies results, the filing of two provisional patent applications related to compositions comprised of MEAI and n-acylethanolamines and uses thereof and treating cocaine addiction. The pre-clinical trial was led by Professor Gal Yadid and his team from the Gonda Multidisciplinary Brain Research Center located at Bar Ilan University (Ramat Gan, Israel) and was designed to evaluate the possible reward-like effects of MEAI with connection to cocaine and its ability to abolish cocaine-induced conditioned place preference. In the pre-clinical trial, the self-administration paradigm was utilized, which is the gold-standard model for examining drug addiction and is based on operant conditioning. Rats were catheterized and trained to self-administer cocaine. The results identified a statistically significant sub-group within the study, in a non-biased manner and high integrity, which dramatically responded to the treatment, significantly decreasing the craving for cocaine as compared to non-treated control group. This sub-group, representing 60% of animals, showed a very high response within the group.

In September 2022, SciSparc announced that Clearmind filed a provisional patent application related to metabolic syndromes including obesity, regarding SciSparc's collaboration with Clearmind. The patent application is the third of the collaboration, each referring to the proprietary combination of SciSparc's PEA and Clearmind's MEAI.

In February 2023, SciSparc announced that Clearmind filed three provisional patent applications with the USPTO as a part of SciSparc's and Clearmind's ongoing collaboration. The patent applications refer to novel proprietary combinations of lysergic acid diethylamide, psilocybin, and N,N-dimethyltryptamine and SciSparc's PEA. Additionally, in February 2023, SciSparc announced that as part of the ongoing collaboration with Clearmind, Clearmind filed three provisional patent applications with the USPTO, for unique combinations of future psychedelic-based compounds. The patent applications refer to novel proprietary combinations of 3,4 Methylenedioxymethamphetamine, Ibogaine and Ketamine each with SciSparc's PEA.

In June 2023, SciSparc announced that Clearmind and SciSparc were to conduct a study evaluating their combination treatment for obesity and metabolic syndrome.

In August 2023, Clearmind filed a patent application for the treatment of dyskinesia, a combination of the pyschadelic molecule 3-Methylmethcathinone and PEA.

In November 2023, successful results were announced from a pre-clinical trial on rodents, testing the efficacy of the combination treatment of PEA and MEAI on obesity, performed by Joseph Tam from the Hebrew University of Jerusalem. The results indicated that there was an increase in the metabolic process

and fat burn, a reduction in appetite and meal sizes, and reductions in ambulation with affecting voluntary activity.

In February 2024, SciSparc and Clearmind filed three patent applications under the PCT referring to novel proprietary combinations of lysergic acid diethylamide, psilocybin, N,N-dimethyltryptamine, and PEA.

In February 2024, SciSparc and Clearmind filed three patent applications under the PCT referring to novel proprietary compositions of MDMA, ibogaine, and ketamine, all combined with PEA.

In March 2024, SciSparc and Clearmind filed a patent application under the PCT referring to the composition of Clearmind's MEAI compound and PEA.

In July 2024, SciSparc and Clearmind filed a patent application under the USPTO for PEA combined with MEAI for treating metabolic syndrome and obesity.

In August 2024, SciSparc announced that a new article was published by Saja Baraghithy et al. on the promising results from a recent study on MEAI using Clearmind's innovative psychoactive molecule, MEAI, for combating obesity. The study was conducted by a team of experts lead by Prof. Joseph Tam from the Hebrew University of Jerusalem. The study demonstrated that the treatment significantly induced weight loss and beneficial changes in body composition in diet-induced obesity (or DIO) mice, without altering food intake, by decreasing fat mass while preserving lean mass. There was a significant improvement in glucose metabolism, increased energy expenditure and fat utilization, while maintaining a similar food consumption and increased activity-specific energy expenditure (without overstimulation), providing support for its potential to impact energy balance. Furthermore, there was a decrease in fatty liver, as evidenced by lower liver triglyceride and cholesterol levels, mainly through inhibiting new lipid synthesis and reducing fat accumulation. These results further show that the treatment was well tolerated and led to increased oxygen consumption and carbon dioxide emission, coupled with elevated energy expenditure and fat oxidation which in turn indicates increases in the metabolic process and fat burn.

In another study, evaluating the acute effect of numerous doses of MEAI on metabolic and behavioral parameters in mice, in combination with PEA, the administered drug exhibited a remarkable degree of tolerance, leaving the animals' viability unaffected across all experimental groups. The most favorable outcomes of the combination treatment were notably pronounced at the MEAI 20 mg/kg dose and PEA 25 mg/kg, observed as increased energy expenditure, enhanced fat oxidation, and decreased meal sizes. These findings underscore the potential of MEAI and PEA in modulating various aspects of metabolism, locomotor activity, and feeding behavior, warranting further investigation of their roles in the regulation of energy homeostasis.

In January 2025, SciSparc announced the publication of a European patent application submitted by Clearmind under the European Patent Office for innovative combination therapy of MEAI and N-Acylethanolamines, to binge behavior including alcohol consumption, eating, tobacco consumption, shopping and sexual conduct. Under this collaboration, SciSparc and Clearmind are researching innovative combination therapies that integrate psychedelic molecules with the N-acylethanolamines family, including PEA.

In August 2024, SciSparc and Clearmind announced the publication of its patent application under the PCT for innovative combinations of ketamine and N-acylethanolamines.

In September 2024, SciSparc and Clearmind announced the publication of an international patent application under the PCT for MDMA combined with N-acylethanolamines.

In September 2024, SciSparc and Clearmind announced the publication of a PCT patent application for ibogaine combined with and N-acylethanolamines.

In February 2025, SciSparc announced the publication of a patent application in Mexico for the innovative combination of 3,4-Methylenedioxymethamphetamine (MDMA) with N-Acylethanolamines. The patent refers to SciSparc's innovative combination therapy of N-Acylethanolamines and Clearmind's MEAI, addressing binge behavior, including alcohol consumption, eating, tobacco consumption, shopping and sexual conduct. Under this collaboration, the two companies are researching innovative combination therapies that integrate psychedelic molecules with the N-Acylethanolamines family, including PEA.

In March 2025, SciSparc announced the publication of a patent application by the South Korean Intellectual Property Office. The patent application relates to a combination treatment using Clearmind's MEAI and SciSparc's PEA for the treatment of cocaine addiction.

In April 2025, SciSparc and Clearmind announced the filing of an International Patent Application for a proprietary treatment targeting anorexia, bulimia and other eating disorders. The patent application, submitted initially under SciSparc and Clearmind collaboration agreement, covers the use of 3-MMC in combination with PEA, aiming to address the complex neurobiological and psychological factors associated with eating disorders.

In May 2025, SciSparc and Clearmind announced the publication of a European patent application by the European Patent Office. The patent application relates to a combination treatment using Clearmind's MEAI and SciSparc's PEA for the treatment of cocaine addiction.

In May 2025, SciSparc announced the publication of Japanese patent application. The patent application introduces a novel pharmaceutical combination of paracetamol and palmitoylethanolamide (PEA) that may enhance pain relief and fever relief with lower doses and fewer side effects compared to paracetamol monotherapy, with potential for safer and more effective treatment for millions worldwide.

In July 2025, SciSparc and Clearmind announced filing of international patent application for novel combination therapy targeting weight loss and fatty liver disease. The patent application relates to a combination treatment using Clearmind's MEAI and SciSparc's PEA.

In August 2025, SciSparc announced publication of international patent application under the Patent Cooperation Treaty (PCT). The patent application relates to a combination treatment using Clearmind's MEAI and SciSparc's PEA for the treatment of obesity and high blood sugar.

Regulatory Environment

FDA Approval Process

In the United States, pharmaceutical product candidates are subject to extensive regulation by the FDA. *The FDC Act*, and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion, marketing, distribution, post-approval monitoring, reporting, sampling, and import and export of pharmaceutical drug product candidates. Failure to comply with applicable U.S. rules and regulations may subject a company to a variety of administrative or judicial sanctions, such as FDA refusal to approve pending NDAs, warning letters, product candidate recalls, product candidate seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties and criminal prosecution.
Pharmaceutical drug product candidate development in the United States typically involves pre-clinical laboratory and animal testing, the submission to the FDA of an IND Application, which must become effective before clinical testing may commence, and adequate, well-controlled clinical trials to establish the safety and effectiveness of the drug for each indication for which FDA approval is sought. Satisfaction of FDA pre-market approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity and novelty of the product candidate or disease.

Nonclinical tests include laboratory evaluation of an API or drug substance and drug product's candidate chemistry, formulation and toxicity, as well as animal trials to assess the characteristics and potential safety

and efficacy of the product candidate. The conduct of the nonclinical toxicology studies must comply with federal regulations and requirements, including GLP. The results of nonclinical testing are submitted to the FDA as part of an IND along with other information, including information about product candidate chemistry, manufacturing and controls, and a proposed clinical trial protocol. Long term nonclinical tests, such as animal tests of reproductive toxicity and carcinogenicity, may continue after the IND is submitted.

A 30-day waiting period after the submission of an original IND is required prior to the commencement of clinical testing in humans. If the FDA has not imposed a clinical hold on the IND or otherwise commented or questioned the IND within this 30-day period, the clinical trial proposed in the IND may begin. In practice, a submitting party should contact the division after this 30 day period to ensure that the FDA has reviewed the IND to the extent that they can assure there will be no hold placed on the IND if the FDA has not responded to the Company within this period.

Clinical trials involve the administration of the investigational product to healthy volunteers or patients under the supervision of a qualified investigator. Clinical trials must be conducted: (i) in compliance with federal regulations, (ii) in compliance with GCP, an international standard meant to protect the rights and health of patients to ensure the quality of the trial and to define the roles of clinical trial sponsors, administrators and monitors. Clinical protocols and details of the objectives of the trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. Each protocol and any amendment involving testing of U.S. study subjects within the United States and subsequent protocol amendments must be submitted to the FDA as part of the IND.

The FDA may order the temporary hold of a clinical trial at any time or impose other sanctions if the FDA believes that the clinical trial either is not being conducted in accordance with FDA requirements, regulations or presents a potentially unacceptable risk to the clinical trial subjects. The trial protocol and informed consent information for subjects in clinical trials must also be submitted to an IRB for approval. An IRB may impose other conditions for the protocol and may also require the clinical trial at the site to be halted, either temporarily or permanently, for failure to comply with the IRB's requirements.

505(b)(2) Regulatory Approval Process

Section 505(b)(2) of *the FDC Act*, ("**505(b)(2)**"), provides a regulatory pathway to FDA approval for new or improved formulations or new uses of previously approved drug products. Specifically, 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference, or use from the person by or for whom the investigations were conducted. The applicant may rely upon the FDA's prior findings of safety and efficacy for an approved product that acts as the reference listed drug for purposes of a 505(b)(2) NDA. The FDA may also require 505(b)(2) applicants to perform additional studies or measurements to support any changes from the reference listed drug. The FDA may then approve the new product candidate for all or some of the labeled indications for which the referenced product has been approved, as well as for any new indication sought by the 505(b)(2) applicant.

Orange Book Listing

Section 505 of the FDC Act describes three types of marketing applications that may be submitted to the FDA to request marketing authorization for a new drug. A Section 505(b)(1) NDA is an application that contains full reports of investigations of safety and efficacy. A Section 505(b)(2) NDA is an application that contains full reports of investigations of safety and efficacy, but where at least some of the information required for approval comes from investigations that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference or use from the person by or for whom the investigations were conducted. This regulatory pathway enables the applicant to rely, in part, on the FDA's prior findings of safety and efficacy for an existing product, or published literature, in support of its application.

In seeking approval for a drug through an NDA, including a 505(b)(2) NDA, applicants are required to list with the FDA patents whose claims cover the applicant's product. Upon approval of an NDA, each of the

patents listed in the application for the drug is then published in Approved Drug Products with Therapeutic Equivalence Evaluations (the "**Orange Book**"). These products may be cited by potential competitors in support of approval of a 505(b)(2) NDA.

Any applicant who submits a 505(b)(2) NDA referencing a drug listed in the Orange Book must certify to the FDA that: (1) no patent information on the drug product that is the subject of the application has been submitted to the FDA; (2) such patent has expired; (3) the date on which such patent expires; or (4) such patent is invalid or will not be infringed upon by the manufacture, use or sale of the drug product for which the application is submitted. This last certification is known as a Paragraph IV certification. Generally, 505(b)(2) NDA cannot be approved until all listed patents have expired, except where 505(b)(2) NDA applicant challenges a listed patent through a Paragraph IV certification. If the applicant does not challenge the listed patents or does not indicate that it is not seeking approval of a patented method of use, the 505(b)(2) NDA application will not be approved until all of the listed patents claiming the referenced product have expired.

Although some of SciSparc's product candidates are based on repurposed drugs, there are at present no patents or other exclusivities listed in the Orange Book pertaining to a product containing the active ingredient dronabinol.

Exclusivity

Three-year exclusivity is available to the holder of an NDA, including a 505(b)(2) NDA, for a particular condition of approval, or change to a marketed product, such as a new formulation for a previously approved product, if one or more new clinical trials, other than bioavailability or bioequivalence trials, was essential to the approval of the application and was conducted or sponsored by the applicant. This three-year exclusivity period protects against FDA approval of 505(b)(2) NDAs for the condition of the new drug's approval. As a general matter, three-year exclusivity does not prohibit the FDA from approving 505(b)(2) NDAs for generic versions of the original, unmodified drug product. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA; however, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the pre-clinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and efficacy.

NDA Submission and Review by the FDA

Assuming successful completion of the required clinical and nonclinical testing, among other items, the results of product development, including chemistry, manufacture and controls, nonclinical studies and clinical trials are submitted to the FDA, along with proposed labeling, as part of an NDA. The submission of an NDA requires payment of a substantial user fee to the FDA. These user fees must be paid at the time of the first submission of the application, even if the application is being submitted on a rolling basis. Fee waivers or reductions are available in some circumstances. One basis for a waiver of the application user fee is if the applicant employs fewer than 500 employees, including employees of affiliates, the applicant does not have an approved marketing application for a product that has been introduced or delivered for introduction into interstate commerce, and the applicant, including its affiliates, is submitting its first marketing application.

The cost of preparing and submitting an NDA is substantial, mainly due to the non-clinical and clinical trial costs. Under federal law, the submission of most NDAs is additionally subject to a substantial application user fee; the fee in the fiscal year 2024 was US$4,048,695.

The FDA has 60 or 74 days from its receipt of an NDA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. Once the submission is accepted for filing, the FDA begins an in-depth review. The FDA has agreed to certain performance goals in the review of NDAs. Most such applications for standard review drug product candidates are reviewed within 10 to 12 months, while most applications for priority review drugs are reviewed within six months. Priority review can be applied to drugs that the FDA determines offer major advances in treatment or provide a treatment where no adequate therapy exists. The review process for

both standard and priority review may be extended by FDA for three additional months to consider certain late-submitted information, or information intended to clarify information already provided in the submission.

The FDA may also refer applications for novel drug product candidates, or drug product candidates that present difficult questions of safety or efficacy, to an advisory committee, which is typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations. Before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. Additionally, the FDA may inspect the facility or the facilities at which the drug substance and drug product are manufactured. The FDA will not approve the drug product candidate unless compliance with current cGMP ("**cGMP**") is satisfactory and the NDA contains data that provide substantial evidence that the drug is safe and effective in the indication studied.

After the FDA evaluates the NDA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing, or information, in order for the FDA to reconsider the application. If, or when, those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the NDA, the FDA will issue an approval letter. The FDA has committed to reviewing such resubmissions in two or six months depending on the type of requested information.

An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. As a condition of NDA approval, the FDA may require a REMS plan to help ensure that the benefits of the drug outweigh the potential risks. REMS can include medication guides, communication plans for health care professionals, and ETASU. An ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS can materially affect the potential market and profitability of the drug. Moreover, product candidate approval may require substantial post-approval testing and surveillance to monitor the drug's safety or efficacy. Once granted, product candidate approvals may be withdrawn if compliance with regulatory standards is not maintained related to the manufacture, safety or effectiveness or problems are identified following initial marketing.

Disclosure of Clinical Trial Information

Sponsors of clinical trials of certain FDA-regulated product candidates, including prescription drugs, are required to register and disclose certain clinical trial information on a public website (clinicaltrials.gov) which is maintained by the U.S. National Institutes of Health. Information related to the product candidate, patient population, phase of investigation, study sites and investigator, and other aspects of the clinical trial is made public as part of the registration. Sponsors are also obligated to disclose the results of these trials after completion. Disclosure of the results of these trials can be delayed until the product candidate drug product or new indication being studied has been approved. Competitors may use this publicly available information to gain knowledge regarding the design and progress of SciSparc's development programs.

Fast Track Designation and Accelerated Approval

The FDA has programs to facilitate the development, and thus expedite the review, of drugs that are intended for the treatment of a serious or life-threatening disease or condition for which there is no effective treatment and which demonstrate the potential to address unmet medical needs for the condition. These therapies for serious conditions are approved and available to patients as soon as it can be concluded that the therapies' benefits outweigh their risk. Under the Fast Track Program, the sponsor of a new drug candidate may request that FDA designate the drug candidate for a specific indication as a Fast Track drug concurrent with, or after, the filing of the IND for the drug candidate. FDA must determine if the drug candidate qualifies for Fast Track designation within 60 days of receipt of the sponsor's request.

Under the FDA's accelerated approval regulations, FDA may approve a drug for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments based upon a surrogate endpoint that is reasonably likely to predict clinical benefit. Accelerated approval may also be

based on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, considering the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments.

In clinical trials, a surrogate endpoint is a measurement of laboratory or clinical signs of a disease or condition that substitutes for a direct measurement of how a patient feels, functions or survives. Surrogate endpoints can often be measured more easily or more rapidly than clinical endpoints. A drug product that is approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of confirmatory or post-approval clinical trial(s) or registries to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or confirm a clinical benefit during post-marketing studies, will allow FDA to withdraw the drug from the market on an expedited basis. All promotional materials for drug candidates approved under accelerated approval regulations are subject to prior review by FDA.

In addition to other benefits such as the ability to use surrogate endpoints and engage in more frequent interactions with FDA, FDA may initiate review of sections of a Fast Track drug's NDA before the application is complete. This rolling review is available if the applicant provides, and FDA approves, a schedule for the submission of the remaining information and the applicant pays applicable user fees. However, FDA's time period goal for reviewing an application does not begin until the last section of the NDA is submitted. Additionally, the Fast Track designation may be withdrawn by FDA if FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Patent Term Extension

After NDA approval, owners of relevant drug patents may apply for up to a five-year patent extension. The allowable patent term extension is calculated as half of the drug's testing phase, the time between IND submission and NDA submission, and all of the review phase-the time between NDA submission and approval up to a maximum of five years. The time can be shortened if FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed 14 years.

For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the drug covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug for which an NDA has not been submitted.

Advertising and Promotion

Once an NDA is approved, a drug product will be subject to certain post-approval requirements. Products manufactured or distributed by SciSparc pursuant to FDA approvals are subject to continuing regulation by the FDA, including manufacturing, periodic reporting, product sampling and distribution, advertising, promotion, drug shortage reporting, compliance with any post-approval requirements imposed as a conditional of approval such as Phase 4 clinical trials, REMS and surveillance, recordkeeping and reporting requirements, including adverse experiences. For instance, FDA closely regulates the post-approval marketing and promotion of drugs, including standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the internet.

Drugs may be marketed only for the approved indications and in accordance with the provisions of the approved labeling. Changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission and FDA approval of a new NDA or NDA supplement before the change can be implemented. An NDA supplement

for a new indication typically requires clinical data similar to that in the original application. The FDA uses the same procedures and actions in reviewing NDA supplements as it does in reviewing NDAs.

Adverse Event Reporting and GMP Compliance

Adverse event reporting and submission of periodic reports are required following FDA approval of an NDA. The FDA also may require post-marketing testing, known as Phase 4 testing, REMS and surveillance to monitor the effects of an approved product candidate, or the FDA may place conditions on an approval that could restrict the distribution or use of the drug product. In addition, quality-control, drug manufacture, packaging, and labeling procedures must continue to conform with cGMPs after approval. Drug manufacturers and certain of their subcontractors are required to register their establishments with the FDA and certain state agencies. Registration with the FDA subjects entities to periodic unannounced inspections by the FDA, during which the FDA inspects manufacturing facilities to assess compliance with cGMPs. Accordingly, manufacturers must continue to expend time, money and effort in the areas of production and quality control to maintain compliance with cGMPs. Regulatory authorities may withdraw product candidate approvals or request product candidate recalls if a company fails to comply with regulatory standards, if it encounters problems following initial marketing or if previously unrecognized problems are subsequently discovered.

Pediatric Exclusivity and Pediatric Use

The *Best Pharmaceuticals for Children Act* (the "**BPCA**") provides NDA holders a six-month extension of any exclusivity-patent or non-patent-for a drug if certain conditions are met. Conditions for exclusivity include a determination by the FDA that information relating to the use of a new drug in the pediatric population may produce health benefits in that population; a written request by the FDA for pediatric studies; and agreement by the applicant to perform the requested studies and the submission to the FDA; and the acceptance by the FDA, of the reports of the requested studies within the statutory timeframe. Applications under the BPCA are treated as priority applications.

In addition, under the *Pediatric Research Equity Act* (the "**PREA**") NDAs or supplements to NDAs must contain data to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the drug is safe and effective, unless the sponsor has received a deferral or waiver from the FDA. Unless otherwise required by regulation, PREA does not apply to any drug for an indication for which orphan designation has been granted with the exception of certain oncological indications. The required pediatric assessment must assess the safety and effectiveness of the product candidate for the claimed indications in all relevant pediatric subpopulations and support dosing and administration for each pediatric subpopulation for which the product candidate is safe and effective. The sponsor or FDA may request a deferral of pediatric studies for some or all of the pediatric subpopulations. A deferral may be granted for several reasons, including a finding that the drug is ready for approval for use in adults before pediatric studies are complete or that additional safety or effectiveness data need to be collected before the pediatric studies begin. Under PREA, the FDA must send a non-compliance letter requesting a response with 45 days to any sponsor that fails to submit the required assessment, keep a deferral current or fails to submit a request for approval of a pediatric formulation.

Orphan Drugs

Under the *Orphan Drug Act*, the FDA may grant orphan drug designation to drugs intended to treat a rare disease or condition-generally a disease or condition with a prevalence of fewer than 200,000 individuals in the United States. Orphan drug designation must be requested and granted before submitting an NDA. After the FDA grants orphan drug designation, the generic identity of the drug and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. The first NDA applicant to receive FDA approval for a particular active ingredient to treat a particular disease with an FDA orphan drug designation is entitled to a seven-year exclusive marketing period in the United States for that drug product candidate for that indication. During the seven-year exclusivity period, the FDA may not approve any other

applications to market the same drug for the same disease, except in limited circumstances, such as a showing of clinical superiority to the product candidate with orphan drug exclusivity. Orphan drug exclusivity does not prevent the FDA from approving a different drug for the same disease or condition, or the same drug for a different disease or condition. Among the other benefits of orphan drug designation are tax credits for certain research and a waiver of the NDA application user fee. In addition to the potential seven years of market exclusivity after approval, orphan drug designation status qualifies sponsors for tax credits for qualified clinical trials and exemption from user fees.

Special Protocol Assessment

A company may reach an agreement with the FDA under the Special Protocol Assessment (the "**SPA**") process as to the required design and size of clinical trials intended to form the primary basis of an efficacy claim. According to its performance goals, the FDA is supposed to evaluate the protocol within 45 days of the request to assess whether the proposed trial is adequate, and that evaluation may result in discussions and a request for additional information. An SPA request must be made, and all open issues must be resolved before the clinical trial begins. If a written agreement is reached, it will be documented and made part of the administrative record. Under the FDC Act and FDA guidance implementing the statutory requirement, an SPA is generally binding upon the FDA except in limited circumstances, such as if the FDA identifies a substantial scientific issue essential to determining safety or efficacy after the study begins, public health concerns emerge that were unrecognized at the time of the protocol assessment, the sponsor and FDA agree to the change in writing, or if the study sponsor fails to follow the protocol that was agreed upon with the FDA.

Controlled Substances

The CSA and its implementing regulations establish a "closed system" of regulations for controlled substances. The CSA imposes registration, security, recordkeeping and reporting, storage, manufacturing, distribution, importation and other requirements under the oversight of the DEA. The DEA is the federal agency responsible for regulating controlled substances, and requires those individuals or entities that manufacture, import, export, distribute, research, or dispense controlled substances to comply with the regulatory requirements in order to prevent the diversion of controlled substances to illicit channels of commerce.

The DEA categorizes controlled substances into one of five schedules-Schedule I, II, III, IV or V-with varying qualifications for listing in each schedule. Schedule I substances by definition have a high potential for abuse, have no currently accepted medical use in treatment in the United States and lack accepted safety for use under medical supervision. Schedule I substances may be used only in federally approved research programs and may not be marketed or sold for dispensing to patients in the United States. Pharmaceutical product candidates having a currently accepted medical use that are otherwise approved for marketing may be listed as Schedule II, III, IV or V substances, with Schedule II substances presenting the highest potential for abuse and physical or psychological dependence, and Schedule V substances presenting the lowest relative potential for abuse and dependence. The regulatory requirements are more restrictive for Schedule II substances than Schedule III substances. For example, all Schedule II drug prescriptions must be signed by a physician, physically presented to a pharmacist in most situations and cannot be refilled.

Following NDA approval of a drug containing a Schedule I controlled substance, that substance must be rescheduled as a Schedule II, III, IV or V substance before it can be marketed. In 2015, the *Improving Regulatory Transparency for New Medical Therapies Act*, removed uncertainty associated with timing of the DEA rescheduling process after NDA approval. Specifically, it requires DEA to issue an "interim final rule," pursuant to which a manufacturer may market its product candidate within 90 days of FDA approval. The new law also preserves the period of orphan marketing exclusivity for the full seven years such that this period only begins after DEA scheduling. This contrasts with the previous situation whereby the orphan "clock" began to tick upon FDA approval, even though the product candidate could not be marketed until DEA scheduling was complete.

Facilities that manufacture, distribute, import or export any controlled substance must register annually with the DEA. The DEA registration is specific to the particular location, activity(ies) and controlled substance schedule(s). For example, separate registrations are required for importation and manufacturing activities, and each registration authorizes which schedules of controlled substances the registrant may handle. However, certain coincident activities are permitted without obtaining a separate DEA registration, such as distribution of controlled substances by the manufacturer that produces them.

The DEA inspects all manufacturing facilities to review security, recordkeeping, reporting and handling prior to issuing a controlled substance registration. The specific security requirements vary by the type of business activity and the schedule and quantity of controlled substances handled. The most stringent requirements apply to manufacturers of Schedule I and Schedule II substances. Required security measures commonly include background checks on all employees and physical control of controlled substances through storage in approved vaults, safes and cages, and through use of alarm systems and surveillance cameras. An application for a manufacturing registration as a bulk manufacturer (not a dosage form manufacturer or a repacker/relabeler) for a Schedule I or II substance must be published in the Federal Register, and the application is open for 30 days to permit interested persons to submit comments, objections or requests for a hearing. A copy of the notice of the Federal Register publication is forwarded by DEA to all those registered, or applicants for registration, as bulk manufacturers of that substance. Once registered, manufacturing facilities must maintain records documenting the manufacture, receipt and distribution of all controlled substances. Manufacturers must submit periodic reports to the DEA of the distribution of Schedule I and II controlled substances, Schedule III narcotic substances, and other designated substances. Registrants must also report any controlled substance thefts or significant losses, and must obtain authorization to destroy or dispose of controlled substances. As with applications for registration as a bulk manufacturer, an application for an importer registration for a Schedule I or II substance must also be published in the Federal Register, which remains open for 30 days for comments. Imports of Schedule I and II controlled substances for commercial purposes are generally restricted to substances not already available from domestic supplier or where there is not adequate competition among domestic suppliers. In addition to an importer or exporter registration, importers and exporters must obtain a permit for every import or export of a Schedule I and II substance or Schedule III, IV and V narcotic, and submit import or export declarations for Schedule III, IV and V non-narcotics. In some cases, Schedule III non-narcotic substances may be subject to the import/export permit requirement, if it is necessary to ensure that the United States complies with its obligations under international drug control treaties.

For drugs manufactured in the United States, the DEA establishes annually an aggregate quota for the amount of substances within Schedules I and II that may be manufactured or produced in the United States based on the DEA's estimate of the quantity needed to meet legitimate medical, scientific, research and industrial needs. This limited aggregate amount of cannabis that the DEA allows to be produced in the United States each year is allocated among individual companies, which, in turn, must annually apply to the DEA for individual manufacturing and procurement quotas. The quotas apply equally to the manufacturing of the API/drug substance and production of dosage forms. The DEA may adjust aggregate production quotas a few times per year, and individual manufacturing or procurement quotas from time to time during the year, although the DEA has substantial discretion in whether or not to make such adjustments for individual companies.

Individual states may also maintain separate controlled substance laws and regulations, including licensing, recordkeeping, security, distribution, and dispensing requirements. State Authorities, including Boards of Pharmacy, regulate use of controlled substances in each state. Failure to maintain compliance with applicable requirements, particularly as manifested in the loss or diversion of controlled substances, can result in enforcement action that could have a material adverse effect on SciSparc's business, operations and financial condition. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to revoke those registrations. In certain circumstances, violations could lead to criminal prosecution.

Europe/Rest of World Government Regulation

In addition to regulations in the United States, SciSparc will be subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of its products to the extent SciSparc chooses to develop or sell any products outside of the United States. The approval process varies from country to country and the time may be longer or shorter than that required to obtain FDA approval. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country.

Whether or not SciSparc obtains FDA approval for a product candidate, SciSparc must obtain the requisite approvals from regulatory authorities in non-U.S. countries prior to the commencement of clinical trials or marketing of the product candidate in those countries. Certain countries outside of the United States have a process that requires the submission of a Clinical Trial Application ("**CTA**") much like an IND prior to the commencement of human clinical trials. In Europe, for example, a CTA must be submitted to the competent national health authority and to independent ethics committees in each country in which a company intends to conduct clinical trials. Once the CTA is approved in accordance with a country's requirements, clinical trial development may proceed in that country.

The requirements and process governing the conduct of clinical trials, product candidate licensing, pricing and reimbursement vary from country to country, even though there is already some degree of legal harmonization in the European Union member states resulting from the national implementation of underlying European Union legislation. In all cases, the clinical trials are conducted in accordance with GCP and other applicable regulatory requirements.

To obtain regulatory approval of an investigational drug under the European Union regulatory systems, SciSparc must submit a MAA. This application is similar to the NDA in the United States, with the exception of, among other things, country-specific document requirements. Drugs can be authorized in the European Union by using (i) the centralized authorization procedure, (ii) the Mutual Recognition Procedure (the "**MRP**"), (iii) the decentralized procedure or (iv) national authorization procedures. The initial Sativex approvals were a consequence of an application under the De-Centralized Procedure (the "**DCP**") to the European Union member state of Spain.

The European Commission implemented the centralized procedure for the approval of human drugs to facilitate marketing authorizations that are valid throughout the European Economic Area ("**EEA**"). This procedure results in a single marketing authorization granted by the European Commission that is valid across the European Union, as well as in Iceland, Liechtenstein and Norway (forming together the EEA). The centralized procedure is compulsory for human drugs that are: (i) derived from biotechnology processes, such as genetic engineering, (ii) contain a new active substance indicated for the treatment of certain diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative diseases, autoimmune and other immune dysfunctions and viral diseases, (iii) officially designated "orphan drugs" (drugs used for rare human diseases) and (iv) advanced-therapy medicines, such as gene- therapy, somatic cell-therapy or tissue-engineered medicines. The centralized procedure may at the request of the applicant also be used for human drugs which do not fall within the above mentioned categories if the human drug (a) contains a new active substance which, on the date of entry into force of this Regulation, was not authorized in the Community; or (b) the applicant shows that the medicinal product candidate constitutes a significant therapeutic, scientific or technical innovation or that the granting of authorization in the centralized procedure is in the interests of patients or animal health at the European Community level.

Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of a MAA by the EMA is 210 days (excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the Committee for Medicinal Products for Human Use (the "**CHMP**")) with adoption of the actual marketing authorization by the European Commission thereafter. Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product candidate is expected to be of a major public health interest from the point of view of therapeutic innovation, defined by three cumulative criteria: (1) the seriousness of the disease to be treated; (2) the absence of an appropriate alternative therapeutic approach, and (3) anticipation of exceptional high

therapeutic benefit. In this circumstance, EMA ensures that the evaluation for the opinion of the CHMP is completed within 150 days and the opinion issued thereafter.

Should any Member State refuse to recognize the marketing authorization by the reference member state in a decentralized procedure, on the grounds of potential serious risk to public health, the issue will be referred to the Committee for the Mutual Recognition and Decentralized Procedures human. Within a timeframe of 60 days, member states shall, within the coordination group, make all efforts to reach a consensus. If this fails, the procedure is submitted to the CHMP for arbitration. The opinion of the CHMP is then forwarded to the Commission, for the start of the decision making process. As in the centralized procedure, this process entails consulting various European Commission Directorates General and the Standing Committee on Human Medicinal Product candidates or Veterinary Medicinal Product candidates, as appropriate. Since the initial approvals of Sativex in the United Kingdom and Spain, there have been three "waves" of additional approvals under three separate MRPs. Each of these procedures have been completed without any referral, and therefore without any delay.

For other countries outside of the European Union, the requirements governing the conduct of clinical trials, product candidate licensing, pricing and reimbursement vary from country to country. In all cases, again, the clinical trials are conducted in accordance with GCP and the other applicable regulatory requirements.

If SciSparc fails to comply with applicable foreign regulatory requirements, SciSparc may be subject to, among other things, fines, suspension of clinical trials, suspension or withdrawal of regulatory approvals, product candidate recalls, seizure of product candidates, operating restrictions and criminal prosecution.

In addition, most countries are parties to the Single Convention on Narcotic Drugs 1961, which governs international trade and domestic control of narcotic substances, including cannabis extracts. Countries may interpret and implement their treaty obligations in a way that creates a legal obstacle to SciSparc obtaining marketing approval for Sativex and its other product candidates in those countries. These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit Sativex or SciSparc's other product candidates to be marketed, or achieving such amendments to the laws and regulations may take a prolonged period of time. In that case, SciSparc would be unable to market its product candidates in those countries in the near future or perhaps at all.

Expanded Access to Investigational Drugs in the U.S.

An investigational drug may be eligible for clinical use outside the context of a manufacturer's clinical trial of the drug. "Expanded access" refers to the use of an investigational drug where the primary purpose is to diagnose, monitor, or treat a patient's disease or condition rather than to collect information about the safety or effectiveness of a drug. Expanded access INDs are typically sponsored by individual physicians to treat patients who fall into one of three FDA-recognized categories of expanded access: expanded access for individual patients, including for emergency use; expanded access for intermediate-size patient populations; and expanded access for large patient populations under a treatment IND or treatment protocol. For all types of expanded access, the FDA must determine prior to authorizing expanded access that: (1) the patient or patients to be treated have a serious or life threatening disease or condition and there is no comparable or satisfactory alternative therapy; (2) the potential patient benefit justifies the potential risks of use and that the potential risks are not unreasonable in the context of the disease or condition to be treated; and (3) granting the expanded access will not interfere with the initiation, conduct, or completion of clinical studies in support of the drug's approval. In addition, the sponsor of an expanded access IND must submit IND safety reports and, in the cases of protocols continuing for one year or longer, annual reports to the FDA. Expanded access programs are not intended to yield information relevant to evaluating a drug's effectiveness for regulatory purposes. If a patient enrolled in one of SciSparc's clinical trials is not eligible or able to continue enrollment, SciSparc may be required to continue to provide its product candidate to such patient through expanded access.

Pricing and Reimbursement in the U.S.

Sales of pharmaceutical product candidates in the United States will depend, in part, on the extent to which the costs of the product candidates will be covered by third-party payors, such as government health programs, commercial insurance and managed health care organizations. These third-party payors are increasingly challenging the prices charged for medical product candidates and services. Additionally, the containment of health care costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. The United States government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic product candidates. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit SciSparc's net revenue and results. If these third-party payors do not consider SciSparc's product candidates to be cost-effective compared to other available therapies, they may not cover those product candidates after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow SciSparc to sell its product candidates on a profitable basis.

The *Medicare Prescription Drug, Improvement, and Modernization Act of 2003* (the "**MMA**") imposed new requirements for the distribution and pricing of prescription drugs for Medicare beneficiaries and included a major expansion of the prescription drug benefit under Medicare Part D. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities which will provide coverage of outpatient prescription drugs. Part D plans include both stand-alone prescription drug benefit plans and prescription drug coverage as a supplement to Medicare Advantage plans. Unlike Medicare Part A and B, Part D coverage is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee. Government payment for some of the costs of prescription drugs may increase demand for product candidates for which SciSparc receives marketing approval. However, any negotiated prices for SciSparc's product candidates covered by a Part D prescription drug plan will likely be lower than the prices SciSparc might otherwise obtain. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private payers often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-governmental payers.

The ACA was enacted in March 2010. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the law. The ACA may be modified, amended or repealed at any time and may or may not be replaced with a different law or health care payment system. The ACA is expected to continue to have a significant impact on the health care industry. With regard to pharmaceutical product candidates, among other things, the ACA may expand and increase industry rebates for drugs covered under Medicaid programs and make changes to the coverage requirements under the Medicare Part D program. Since the enactment of the ACA, numerous regulations have been issued providing further guidance on its requirements. The ACA continues to be implemented through regulation and government activity but is subject to possible amendment, additional implementing regulations and interpretive guidelines. Several states have decided not to expand their Medicaid programs and are seeking alternative reimbursement models to provide care to the uninsured. The manner in which these issues are resolved could materially affect the extent to which and the amount at which pharmaceuticals are reimbursed by government programs such as Medicare, Medicaid and Tricare. SciSparc is unable to predict the full impact of any potential modification, amendment, or repeal of the ACA.

SciSparc's ability to commercialize any products successfully also will depend in part on the extent to which coverage and adequate reimbursement for SciSparc's products, once approved, and related treatments will be available from third-party payors, such as government health administration authorities, private health insurers and managed care organizations. Third-party payors determine which medications they will cover and separately establish reimbursement levels. Even if SciSparc obtains coverage for a given product

by a third-party payor, the third-party payor's reimbursement rates may not be adequate to make the product affordable to patients or profitable to SciSparc, or the third-party payors may require co-payments that patients find unacceptably high. Patients who are prescribed medications for the treatment of their conditions, and their prescribing physicians, generally rely on third-party payors to reimburse all or part of the costs associated with their prescription drugs. Patients are unlikely to use SciSparc's products unless coverage is provided, and reimbursement is adequate to cover all or a significant portion of the cost of SciSparc's products. Therefore, coverage and adequate reimbursement is critical to new product acceptance. Coverage decisions may depend upon clinical and economic standards that disfavor new drug products when more established or lower cost therapeutic alternatives are already available or subsequently become available.

Government authorities and other third-party payors are developing increasingly sophisticated methods of controlling healthcare costs, such as by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices as a condition of coverage, are using restrictive formularies and preferred drug lists to leverage greater discounts in competitive classes and are challenging the prices charged for medical products. Further, no uniform policy for determining coverage and reimbursement for drug products exists among third-party payors in the United States. Therefore, coverage and reimbursement for drug products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require SciSparc to provide scientific and clinical support for the use of its products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

SciSparc cannot be sure that coverage and reimbursement will be available for any product that it commercializes and, if reimbursements are available, that the level of reimbursement will be adequate. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which SciSparc obtains marketing approval. If coverage and reimbursement are not available, or if reimbursement is available only to limited levels, SciSparc may not successfully commercialize any product candidate for which it obtains marketing approval.

As a condition of receiving Medicaid coverage for prescription drugs, the Medicaid Drug Rebate Program requires manufacturers to calculate and report to CMS their AMP, which is used to determine rebate payments shared between the states and the federal government and, for some multiple source drugs, Medicaid payment rates for the drug, and for drugs paid under Medicare Part B, to also calculate and report their average sales price, which is used to determine the Medicare Part B payment rate for the drug. In January 2016, CMS issued a final rule regarding the Medicaid Drug Rebate Program, effective April 1, 2016, that, among other things, revised the manner in which the AMP is calculated by manufacturers participating in the program and implemented certain amendments to the Medicaid rebate statute created under the ACA. Drugs that are approved under an NDA, including a 505(b)(2) NDA, are subject to an additional requirement to calculate and report the manufacturer's best price for the drug and inflation penalties which can substantially increase rebate payments. On December 21, 2020, CMS issued a final rule that made changes to the Medicaid Drug Rebate Program regulations in several areas, including some changes to the treatment of value-based purchasing arrangements and price reporting for patient benefit programs sponsored by pharmaceutical manufacturers.

For NDA drugs, the *Veterans Health Care Act of 1992* requires manufacturers to calculate and report to the Department of Veterans Affairs a different price called the Non-Federal AMP, offer the drugs for sale on the Federal Supply Schedule, and charge the government no more than a statutory price referred to as the Federal Ceiling Price, which includes an inflation penalty. A separate law requires manufacturers to pay rebates on these drugs when paid by the Department of Defense under its TRICARE Retail Pharmacy Program. Knowingly submitting false pricing information to the government creates potential federal *False Claims Act* liability.

Further, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed and enacted legislation at the federal and state levels designed to, among other things, bring

more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs under Medicare, and reform government program reimbursement methodologies for drugs. SciSparc expects that the pharmaceutical industry will continue to experience pricing pressures due to the trend toward managed healthcare, particularly towards specialty pharmacy, the increasing influence of managed care organizations, and additional legislative proposals. For example, CMS issued an interim final rule on November 27, 2020 designed to test whether a Most-Favored-Nation model will help control growth in spending for Medicare Part B drugs without adversely affecting quality of care. This followed an Executive Order issued in September 2020 that directed the Secretary of DHHS to implement new payment models under the Medicare Part B and Part D programs to curb "unfair" and high drug prices in the United States. Implementation of this interim final rule was blocked by a temporary restraining order and preliminary injunctions through various court actions and CMS published a final rule on December 27, 2021 that rescinded the interim final rule. Nonetheless, SciSparc expects that there will continue to be a number of U.S. federal and state proposals to implement governmental pricing controls and limit the growth of healthcare costs, including the cost of prescription drugs. It is unknown what form any such changes or any law would take, and how or whether it may affect the biopharmaceutical industry as a whole or SciSparc's business in the future. SciSparc expects that changes or additions to the ACA, the Medicare and Medicaid programs, such as changes allowing the federal government to directly negotiate drug prices, and changes stemming from other healthcare reform measures, especially with regard to healthcare access, financing or other legislation in individual states, could have a material adverse effect on the health care industry in the United States.

At the state level, legislatures have been increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, drug price increases, and, in some cases, designed to encourage importation from other countries and bulk purchasing. On the federal level, the Trump Administration issued a final rule in 2020 for the safe importation of drugs from Canada and other countries. Per this rule, the FDA authorized its first section 804 importation program ("**SIP**") a program allowing the State of Florida to import certain prescription products from Canada. Section 804 (21 U.S.C. § 384) of the *Federal Food, Drug, and Cosmetic Act* provides a pathway for U.S. states and Indian tribes to allow importation of certain prescription drugs from Canada. Programs under this pathway must significantly reduce the cost of these drugs to the American consumer without imposing additional risk to public health and safety. As the first program of its kind, SciSparc has yet to see how this Program will be implemented and what specific products will be imported. There is much opposition from the biopharmaceutical industry regarding this Program, but if Florida can execute it as planned, it may signal a trend in the U.S. The practical implications of SIPs, and their implications for the biopharmaceutical industry as a whole or SciSparc's business in particular remain to be determined.

In July 2021, the Biden administration issued an executive order, "Promoting Competition in the American Economy," with multiple provisions aimed at increasing competition for prescription drugs. The DHHS has released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform and potential legislative policies that Congress could pursue to advance these principles. While no legislation or administrative actions have been finalized to implement these principles, Congress is considering legislation that, if passed, could have significant impact on prices of prescription drugs covered by Medicare, including limitations on drug price increases and allowing Medicare to negotiate pricing for certain covered drug products. The impact of these legislative, executive, and administrative actions and any future healthcare measures and agency rules implemented by the Biden administration on SciSparc and the pharmaceutical industry as a whole is unclear. The implementation of cost containment measures or other healthcare reforms may prevent SciSparc from being able to generate revenue, attain profitability, or commercialize any of the product candidates for which it receives approval.

The passage of the *Inflation Reduction Act of 2022* the ("**IRA**") further affects Medicare reimbursement. The IRA has three key elements reforming Medicare drug-pricing policy. The implementation of certain elements of the IRA are still forthcoming, as outlined below, so the specific implications for biopharmaceutical pricing and reimbursement are yet to be determined. Likewise, SciSparc is unable to predict potential modification,

amendment, or repeal of the IRA, though some predict that challenges may be made as different provisions are enacted.

As the first key element, the IRA created a program for Medicare drug-price negotiation, enabling the Secretary of DHHS to negotiate the prices of certain costly, single-source drugs or biologics within the Medicare program. Certain drugs and biologics are excluded from this negotiation process, such as drugs that are less than 9 years, and biologics less than 13 years, from their FDA-approval or licensure date, and drugs with an orphan designation as their only FDA-approved indication. The first set of these negotiated prices will not take effect until 2026.

Second, the IRA requires drug manufacturers to pay rebates to the federal government for price increases above the rate of inflation for single-source drugs or biologics covered under Medicare Part B and most drugs under Medicare Part D, which already occurs under the Medicaid program. This inflation-rebate provision for Medicare Part B took effect at the start of 2023, and such provision for Medicare Part D took effect in 2022 as the starting point for measuring drug-price increases, with rebate payments required as of the beginning of 2023. DHHS will start to send rebate invoices to drug manufacturers in 2025.

Third, the IRA restructures the Medicare Part D benefit to limit patients' out-of-pocket costs and rebalance the bearing of risk for Part D plans and manufacturers. As of 2024, Medicare Part D plan buyers will no longer have to pay out-of-pocket costs for covered drugs once they reach the catastrophic coverage level (when the policyholder's out-of-pocket spending reaches US$7,400). Other aspects of this provision will take effect in 2025.

The bipartisan *Drug-Price Transparency for Consumers Act* was introduced to Senate on April 20, 2023, and the House of Representatives on October 13, 2023 (S.1250 and H.R.5958, respectively). The Act is currently in committee. This Act would require that direct-to-consumer advertisements for drugs and biologics include a disclosure of pricing information. The Act would apply to drugs and biologicals reimbursable under Medicare or Medicaid and for which direct-to-consumer advertisements are required to include information relating to side effects, contraindications, and effectiveness in accordance with section 202.1(e)(1) of title 21, *Code of Federal Regulations*. If passed, this Act would amend the Social Security Act to allow the Secretary of DHHS to require such advertisements to disclose the wholesale acquisition cost ("**WAC**") for a 30-day supply or typical course of treatment and clearly and conspicuously present such price information. If enacted, the Act contemplates that implementing regulations would include the visual and audio components required to communicate the WAC appropriately for the medium of the advertisement, the reasonable amount of time to update the advertisement to reflect any changes to WAC, and the way the manufacturer may include a statement explaining that certain consumers may pay a different amount depending on their insurance coverage. The Act would also subject advertisers to a penalty of up to US$100,000 per violation.

The full implications of changes such as those discussed above, and their practical impact on biopharmaceutical pricing and reimbursement, as well as advertising requirements and related costs, on the biopharmaceutical industry as a whole and SciSparc's business in particular cannot yet be determined.

As noted above, the marketability of any products for which SciSparc receives regulatory approval for commercial sale may suffer if the government and other third-party payers fail to provide adequate coverage and reimbursement. SciSparc expects that an increasing emphasis on cost containment measures in the U.S. will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which SciSparc receives regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Pricing and Reimbursement in Foreign Countries

In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, a member state of the European Union may approve a specific price for the medicinal product

candidate. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical product candidates will allow favorable reimbursement and pricing arrangements for any of SciSparc's product candidates. Historically, product candidates launched in the European Union do not follow price structures of the United States and generally tend to be significantly lower.

As another example, in Canada, for patented drugs, the Patented Medicines Prices Review Board (the "**PMPRB**") uses the median international publicly available ex-factory list price (using prices in 11 pre-determined countries) as the maximum price the company is allowed to charge. The PMPRB is a quasi-judicial body with a regulatory mandate to prevent pharmaceutical patentees from charging consumers excessive prices during the market exclusivity period. This agency then monitors the prices charged by patentees for patented drugs on an ongoing basis. Under the *Canadian Patent Act*, patentees are required to file price and sales information about their patented drug products at introduction and twice a year thereafter for each strength of each dosage form of each patented drug product sold in Canada.

Other Health Care Laws and Compliance Requirements

In the United States, SciSparc's activities are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the CMS, other divisions of the DHHS (e.g., the Office of Inspector General), the U.S. Department of Justice and individual U.S. Attorney offices within the Department of Justice, and state and local governments.

The federal AKS prohibits, among other things, any person or entity, from knowingly and willfully offering, paying, soliciting or receiving any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward, or in return for, the referral of an individual for, or purchasing, leasing, ordering, or arranging for the purchase, lease or order of, any good, facility, item or service reimbursable, in whole or in part, by Medicare, Medicaid or other federal healthcare programs. The term remuneration has been interpreted broadly to include anything of value, including unlawful financial inducements paid to prescribers and beneficiaries, as well as impermissible promotional practices. There are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, but the exceptions and safe harbors are drawn narrowly. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct *per se* illegal under the federal AKS. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all of its facts and circumstances. Additionally, the ACA amended the intent requirement of the federal AKS so that a person or entity no longer needs to have actual knowledge of the federal AKS, or specific intent to violate it, to have violated the statute. The ACA also provided that a violation of the federal AKS is grounds for the government or whistleblower to assert that a claim for payment of items or services resulting from such violation constitutes a false or fraudulent claim for purposes of the civil *False Claims Act*.

In addition, in November 2020, DHHS finalized a regulation aimed at lowering prescription drug prices and out-of-pocket spending for prescription drugs by excluding rebates on prescription drugs paid by manufacturers to or purchased by Medicare Part D plan sponsors or PBMs acting under contract with Medicare Part D plan sponsors from the existing discount safe harbor under the federal AKS. The regulation reflects the first change to the AKS discount safe harbor since the Medicare Part D program was established. In addition to the rebate exclusions, two new safe harbors were added. One of these new safe harbors protects point-of-sale reductions in price from a manufacturer to a plan sponsor under Medicare Part D or an MCO for a prescription drug payable, in whole or in part, by a plan sponsor under Medicare Part D or an MCO, provided certain conditions are met. The other protects certain fixed-fee services arrangements between manufacturers and PBMs.

The federal civil and criminal false claims laws, including the federal *False Claims Act*, prohibit, among other things, any person or entity from knowingly presenting, or causing to be presented, a false claim for payment to, or for approval by, the federal government, including the Medicare and Medicaid programs, or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim to avoid, decrease or conceal an obligation to pay money to the federal government.

The civil monetary penalties statute imposes penalties against any person or entity who, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent.

HIPAA created additional federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including public and private payors, or obtain, by means of false or fraudulent pretenses, representations or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of whether the payor is public or private, knowingly and willfully embezzling or stealing from a health care benefit program, willfully obstructing a criminal investigation of a health care offense and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. The ACA amended the federal health care fraud criminal statute implemented under HIPAA so that a person or entity no longer needs to have actual knowledge of the statute, or the specific intent to violate it, to have violated the statute.

Additionally, the federal Open Payments program pursuant to the *Physician Payments Sunshine Act*, created under Section 6002 of the ACA and its implementing regulations, require some manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with specified exceptions) to report annually information related to specified payments or other transfers of value provided to physicians and teaching hospitals, or to entities or individuals at the request of, or designated on behalf of, the physicians and teaching hospitals and to report annually specified ownership and investment interests held by physicians and their immediate family members. The *SUPPORT Act*, signed into law on October 24, 2018, expanded *Sunshine Act* reporting to include data for physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists and certified nurse midwifes. The amendment applies to reports submitted to CMS on or after January 1, 2022.

In addition, SciSparc may be subject to data privacy and security regulation by both the federal government and the states in which SciSparc conducts its business or target consumers. HIPAA, as amended by HITECH, and their implementing regulations, impose requirements relating to the privacy, security and transmission of individually identifiable health information on HIPAA covered entities and their business associates, including mandatory contractual terms and the implementation of certain safeguards of such information. Among other things, HITECH makes HIPAA's security standards directly applicable to business associates, independent contractors or agents of covered entities that receive or obtain protected health information in connection with providing a service on behalf of a covered entity. HITECH also created four new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways, may not have the same effect and may not be pre-empted by HIPAA, thus complicating compliance efforts. Most recently, fourteen states including California have adopted laws that regulate the privacy and security of consumer personal information, and apply in instances where HIPAA and clinical trial laws do not. In addition, other states such as Washington, have adopted laws that regulate the privacy and security of consumer health data which, again, apply in instances where HIPAA and clinical trial laws do not.

Many states have also adopted laws similar to each of the above federal laws, which may be broader in scope and apply to items or services reimbursed by any payor, including commercial insurers. SciSparc may also be subject to state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, and/or state laws that require drug manufacturers to report information related to marketing expenditures or payments and other transfers of value to physicians and other healthcare providers.

Enforcement actions can be brought by federal or state governments or, in some cases, as "qui tam" actions brought by individual whistleblowers in the name of the government. Depending on the circumstances, failure to comply with these laws can result in penalties, including criminal, civil and/or administrative criminal penalties, damages, fines, disgorgement, debarment from government contracts, individual imprisonment, additional reporting requirements and oversight if SciSparc becomes subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, exclusion from government programs, refusal to allow SciSparc to enter into supply contracts, including government contracts, reputational harm, diminished profits and future earnings and the curtailment or restructuring of SciSparc's operations, any of which could adversely affect SciSparc's business.

In order to distribute product candidates commercially, SciSparc must comply with state laws that require the registration of manufacturers and wholesale distributors of pharmaceutical product candidates in a state, including, in certain states, manufacturers and distributors who ship product candidates into the state, even if such manufacturers or distributors have no place of business within the state. Some states also impose requirements on manufacturers and distributors to establish the pedigree of product candidate in the chain of distribution, including some states that require manufacturers and others to adopt new technology capable of tracking and tracing product candidate as it moves through the distribution chain. Several states have enacted legislation requiring pharmaceutical companies to establish marketing compliance programs, file periodic reports with the state, make periodic public disclosures on sales, marketing, pricing, clinical trials and other activities or register their sales representatives. Other legislation has been enacted in certain states prohibiting pharmacies and other health care entities from providing certain physician prescribing data to pharmaceutical companies for use in sales and marketing, and prohibiting certain other sales and marketing practices. All of SciSparc's activities are potentially subject to federal and state consumer protection and unfair competition laws.

Regulatory Status of the Target IP

United States

The active ingredient in SciSparc's pharmaceutical product candidate SCI-110 is a Schedule I controlled substance. Other drug candidates in SciSparc's portfolio are either not controlled or as yet to be scheduled.

Our drug candidate SCI-110 is being developed, among others, for the treatment of TS. TS may be considered a serious condition with a potentially disabling nature. Thus, it may be eligible for a fast-tracked submission. However, a request for eligibility may be filed by SciSparc later in the development of this molecule. In June 2016, SciSparc submitted a request for orphan drug designation to the FDA for SCI-110 for the treatment of TS. In a letter dated September 29, 2016, the FDA informed SciSparc that its request could not be granted at such time and is being held in abeyance until and subject to SciSparc providing additional information pertaining to the overall prevalence of TS in both children and adults, and further clinical data to support SciSparc's scientific rationale for its request for orphan drug designation within 12 months. In September 2017, SciSparc responded to such FDA letter within the designated time frame and provided the FDA with its articulated and reasoned responses including documentation and clinical data that supports it. On December 26, 2017, SciSparc received the FDA's response to SciSparc's initial response. The FDA accepted that there is adequate scientific rationale for the treatment of TS with SCI-110 mainly through the preliminary results of ongoing clinical trials, suggesting that SCI-110 may provide benefit in treating TS. However, the FDA stated that it was unable to grant SciSparc's request and indicated that SciSparc did not provide adequate prevalence estimates, and any evidence to support its statement that only moderate to severe TS patients would require pharmacological treatment. SciSparc further responded in January 2018 by providing the requested information. On January 23, 2020, following additional correspondence with the FDA, the FDA still did not grant SciSparc its request due to fact that SciSparc has not yet provided adequate prevalence estimates. However, the FDA did agree with SciSparc's position that SciSparc could potentially qualify for orphan drug designation with respect to the moderate-to-severe TS sub-group population only rather than the entire population. After SciSparc had provided additional prevalence estimates, the FDA raised a concern in its letter, dated December 7, 2020, about SciSparc's ability to limit the use of the pharmaceutical product to the subset of patients that SciSparc is pursuing. Due to the fact that SciSparc disagrees with this concern, SciSparc requested a clarification call.

In the clarification call conducted on February 2, 2021, SciSparc agreed with the FDA concern about SciSparc's ability to limit the use of the pharmaceutical product to the subset of patients in addition to a safety concern associated with Δ^9THC treatment in pediatrics population so SciSparc suggested to amend its preliminary request and asked to include only adults in the treated population. An amendment letter was discussed and the FDA described what it would want to see in such an amendment. In March 2021, SciSparc sent its response to the FDA. In June 2021, SciSparc received a response from the FDA explaining that they are unable to grant the request until new information becomes available to support the request for orphan drug designation. SciSparc will re-visit the application after it obtains clinical results from its phase IIb clinical study in TS.

Canada

Pursuant to a non-traditional class III Product License Application, CannAmide™ ("**TheraPEA**"), received Health Canada approval (NPN 80093504) from the NNHPD on July 23, 2019. In the approval letter, the NNHPD confirmed that the application was in compliance with section 7 of the NHPR. The dosage of 1 x 400 mg tablet 3 times daily was approved for the following use: "Studies show that PEA may be used as an anti-inflammatory to help relieve chronic pain".

Any labels used in the marketing of TheraPEA must reflect the information outlined on the product license and must comply with the labelling requirements as per Part 5 of the NHPR. In addition, natural health products, such as TheraPEA, must be manufactured, packaged, labelled, imported, distributed and stored in accordance with GMP as required by NHPR or in accordance with equivalent requirements if the natural health product is imported. Furthermore, in accordance with Section 44 of the NHPR, each product for sale in Canada must comply with the finished product specifications submitted to Health Canada.

Pursuant to the NHPR, companies are required to provide the NNHPD with the Canadian site information prior to commencing the importation and/or sale of the natural health products in Canada.

Changes made in respect of a licensed product require the submission of an amendment, notification or a new product license application as per sections 11, 12 and 13 of the NHPR.

Distribution Methods

Marketing and sales require engagement with local distributors, marketing activity and inclusion in indemnity codes to the extent required in the various countries. When relevant, SciSparc intends to approach relevant importers and distributers for CannAmide.

Marketing

Marketing and sales require engagement with local importers, distributors, marketing activity and inclusion in indemnity codes to the extent required in the various countries. SciSparc has submitted an initial application to approve CannAmide as a food supplement in Israel. In addition, it has been working on similar applications in Europe. As of the date of this Filing Statement, SciSparc has decided to put these activities on hold.

Competitive Conditions

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. While SciSparc believes that its scientific knowledge, technology and development experience provide SciSparc with competitive advantages, SciSparc faces potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, governmental agencies and public and private research institutions. Any product candidates that SciSparc successfully develops and commercializes will compete with existing therapies and new therapies that may become available in the future.

The first THC-based pharmaceutical, a pill sold under the commercial name of Marinol (scientific name: dronabinol), was developed by a company called Unimed Pharmaceuticals, with funding provided by the National Cancer Institute. In 1985, Marinol received FDA approval as a treatment for chemotherapy-related nausea and vomiting. Today, Marinol is marketed by AbbVie, Inc. Since the introduction of Marinol into the market, other pharmaceuticals containing Δ^9THC have also been developed. These include generic oral capsules of dronabinol, such as those marketed by SVC Pharma LP and Akorn Inc., Meda AB's Cesamet (nabilone), a synthetic derivative of THC, and Sativex (nabiximols), a whole cannabis extract administered as an oral spray. Furthermore, to the best of SciSparc's knowledge, there are multiple companies that are working in the cannabis therapeutic area and are pursuing regulatory approval for their product candidates. For example, GW, which markets Sativex, a botanical cannabinoid oral mucosal for the treatment of spasticity due to multiple sclerosis, received FDA approval in the United States in June 2018 for Epidiolex, a liquid formulation of highly purified cannabidiol extract, as a treatment for Dravet's Syndrome, Lennox Gastaut Syndrome, and various childhood epilepsy syndromes. In addition, GW is developing, among others, CBDV based therapy for ASD and therapy for neonatal hypoxic-ischemic encephalopathy and schizophrenia. Zynerba is developing a transdermal formulation of cannabidiol for Fragile X and certain refractory epilepsies and ASD. Skye is focused on developing proprietary, synthetic cannabinoid-derived molecules to treat glaucoma and other diseases with significant unmet need. Corbus Pharmaceuticals Holdings is seeking FDA approval for their synthetic cannabinoid for systemic sclerosis, cystic fibrosis, dermatomyositis and systemic lupus erythematosus and metabolism and solid tumors. RespireRx is developing dronabinol for OSA treatment. Synendos is a developer of endocannabinoid modulators for the treatment of CNS disorders. It has developed pharmaceutical products to restore the natural function of the brain and treat neuropsychiatric disorders. Synendos is developing small molecules as selective endocannabinoid reuptake inhibitors that increase the levels of endogenous cannabinoids to treat CNS disorders caused by cannabinoid deficiency. Inversago Pharma (formerly GIcare Pharma) is focused on developing peripheral cannabinoid (CB1) receptor antagonist/inverse agonist for the treatment of metabolic diseases such as obesity, insulin resistance, and liver fibrosis. Its drug INV-101 (Inverse agonist of peripheral CB1) under phase-1.

SCI-110 for the Treatment of TS

For more information regarding the competitive condition of SCI-110 for the treatment of TS, please see "*Information Concerning the Target Business – Opportunity for SCI-110 – Tourette Syndrome – Current TS Treatment*".

SCI-110 for the Treatment of Alzheimer's Disease and Agitation

For more information regarding the competitive condition of SCI-110 for the treatment of Alzheimer's Disease and Agitation, please see "*Information Concerning the Target Business – Opportunity for SCI-110 – Alzheimer's Disease and Agitation – Current Alzheimer's Disease and Agitation Treatment*".

SCI-210 for the Treatment of ASD

For more information regarding the competitive condition of SCI-210 for the treatment of ASD, please see "*Information Concerning the Target Business – Opportunity for SCI-210 – Autism Spectrum Disorder – Current ASD Treatment*".

SCI-210 for the Treatment of SE

For more information regarding the competitive condition of SCI-210 for the treatment of SE, please see "*Information Concerning the Target Business – Opportunity for SCI-210 – Status Epilepticus– Current SE Treatment*".

Specialized Skill and Knowledge

SciSparc competes in a market marked by rapidly changing technologies and an evolving competitive landscape. In order for it to successfully compete, SciSparc is dependent on the retention of personnel with requisite qualifications to provide expertise across the entire spectrum of our intellectual capital and business needs.

SciSparc's principal research and development and its general and administrative activities are conducted at its headquarters in Israel, by Mr. Oz Adler and Dr. Adi Zuloff-Shani, with the support of third-party service providers.

Mr. Oz Adler, CPA, was appointed to serve as SciSparc's Chief Executive Officer in January 2022 and has served as its Chief Financial Officer since April 2018 and previously held served as its VP Finance from March 2018 until April 2018 and as its Controller from September 2017 to March 2018. Mr. Adler has experience in a wide variety of managerial, financial, tax and accounting roles. Mr. Adler holds a B.A. in Accounting and Business management from The College of Management, Israel.

Dr. Adi Zuloff-Shani, PhD, has served as SciSparc's Chief Technologies Officer since February 2016. Dr. Zuloff-Shani has more than 20 years of experience as a research and development executive. Dr. Zuloff-Shani holds a Ph.D. in human biology and immunology from Bar-Ilan University, Israel.

Intangible Properties

SciSparc attaches significant importance to patents for the protection of new technologies, products and processes. Accordingly, the success of SciSparc depends, in part, on its ability to obtain patents or rights thereto, to protect its commercial secrets and carry on its activities without infringing on the rights of third parties. Where appropriate, and consistent with management's objectives, patents are pursued once concepts have been investigated through numerous paths including appropriate laboratory work. In general, SciSparc's approach to intellectual property is to file and/or license patents and patent applications as appropriate and to seek to obtain patent protection in the major markets, including Canada, the U.S. and major European countries.

In addition, all employees execute agreements containing confidentiality clauses and agree that any new intellectual property is owned by SciSparc. Further, it is SciSparc's practice to require its consultants and service providers to enter into agreements which provide that specified information obtained or developed during the relationship remains confidential and that any intellectual property, trade secrets, knowhow and work products belong to SciSparc.

SciSparc's intellectual property portfolio has been the result of in-house technology and product research and development and a licensing agreement with the Hebrew University in Israel.

Economic Dependence

SciSparc's business is not currently dependent on any contract including any contract to sell the majority of its products or services or to purchase the majority of its requirements for goods, services or raw materials, or any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends, other than as described below:

SNI is a party to the Wellution Management Agreement with Jeffs' Brands Ltd for the provision of services by Jeffs' Brands Ltd for the management of the Wellution™ Brand for a monthly fee of US$20,000, which was reduced to US$10,000 in November 2023. For more information regarding the Wellution Acquisition Agreement, please see "*Information Concerning the Target Business – Business of the Target Shares – Acquisition of Wellution™*".

On March 7, 2022, SciSparc entered into the Cooperation Agreement with Clearmind. For more information regarding the Cooperation Agreement, please see "*Information Concerning the Target Business – Opportunity for Other Programs – Collaboration with Clearmind*".

On August 13, 2024, SciSparc entered into the Polyrizon License Agreement with Polyrizon. For more information regarding the Polyrizon License Agreement, please see "*Information Concerning the Target Business*".

A significant part of SciSparc's R&D activities is dependent on the Commercial and Development Proposal from Procaps Group, dated as of January 13, 2021 and January 25, 2021.

Changes to Contracts

SciSparc does not expect to renegotiate or terminate any contracts or sub-contracts to which forms part of the Target Assets and of which it is currently a party, other than as set forth below.

SciSparc advised that it and Dekel were parties to a license agreement dated May 21, 2015, as amended from time to time, whereby SciSparc licensed certain technology, know-how, information, materials and results relating to PEA combination drug therapies technology. SciSparc and Dekel have since then entered into a settlement agreement, dated February 9, 2025. According to the settlement agreement, the license agreement was terminated effective February 5, 2024.

With the cancellation of the license agreement with Dekel, all rights in connection with the claimed invention in the patent application PCT/IL2009/000739 compositions and methods for treating inflammatory disorders (the "**Patent**"), was agreed to be fully and exclusively owned by Dekel. The Patent is not related to SciSparc's pipeline and development program. Additionally, according to the settlement arrangement, all rights in connection with the patent applications listed below, are fully and exclusively owned by SciSparc, whether existing or future, based on the below patent applications:

- Combinations of Cannabinoids, Nacylethanolamines, and Inhibitors of Nacylethanolamine Degradation, US 62/154,144;
- Combinations of Opioids, Nacylethanolamines, and Inhibitors of Nacylethanolamine Degradation, US 62/164,618; and
- Combinations of Retinoids, Nacylethanolamines, and Inhibitors of Nacylethanolamine Degradation, US 62/201,119.

Environmental Protection

Given the nature of SciSparc's operations, environmental protection requirements did not have any operational or financial effect on the capital expenditures, profit or loss or competitive position of SciSparc in the current financial year nor is any effect expected in future years.

Employees

As of date of this Filing Statement, SciSparc has 3 employees.

Foreign Operations

SciSparc has its manufacturing and research and development centers in several global jurisdictions including in the State of Israel. However, it plans to market and sell its product in Europe, the United States and Canada (subject to receipt of regulatory approvals) as well as other foreign markets. International operations are subject to certain additional risks inherent in conducting business outside of North America, including price and currency exchange controls, changes in currency exchange rates, limitations on foreign participation in local markets, expropriation, nationalization, and other governmental action. See "*Risk Factors*".

Bankruptcy and Similar Procedures

There is no, and there has not been any, bankruptcy, receivership or similar proceedings against SciSparc, or any voluntary bankruptcy, receivership or similar proceedings by SciSparc within the three most recently completed financial years or during or proposed for the current financial year.

Social or Environmental Policies

As of the date of this Filing Statement, SciSparc has not implemented social or environmental policies that are fundamental to its operations, such as policies regarding its relationship with the environment or with the communities in which it does business, or human rights policies. SciSparc does not operate laboratories, manufacturing facilities or storage facilities. SciSparc relies on third parties for all of its activities. SciSparc's vendors are operated under their local relevant requirements and standard operating procedures.

Three-Year History

2022

Clinical Trials and Results – SCI-110

In January 2022, SciSparc Recruited its first patient for its Phase IIa Clinical Trial in Alzheimer's Disease.

In August 2022, SciSparc received MoH approval to conduct the clinical trial in Israel at Sourasky Medical Center. SciSparc also received Ethics Committee approvals in 2022 from Hannover Medical School and Sourasky Medical Center and the signature of Clinical Trial Agreement with Yale University to conduct its Phase IIb Trial in Tourette Syndrome.

Clinical Trials and Results – SCI-210

In June 2022 SciSparc received approval of the Ethics Committee of Soroka Medical Center to conduct its Clinical Trial in Autism Spectrum Disorder.

On August 8, 2022, SciSparc announced that it had received approval from the Israeli Ministry of Health (the "**MoH**") and Ethics Committee to conduct its clinical trial for SCI-210 in patients suffering ASD.

On December 7, 2022, SciSparc announced positive results from its pre-clinical study of SCI-210 on SE, conducted at The Sheba Fund for Health Services and Research at Chaim Sheba Medical Center, which reaffirms the potential of its proprietary combination products to have a positive effect while minimizing adverse side effects. SciSparc's SCI-210 platform combines PEA with CBD. The non-clinical trial objective was to study the potential therapeutic effects of SCI-210 on SE and on neuro-biochemical markers for neurological cognitive sequelae. A pilocarpine SE-induced mice (C57BL/6 male) model to study SCI-210's effects on seizure severity and mortality was used. After calibration, four groups of animals were studied: an effective-high dose CBD group, a sub-effective dose CBD group, a SCI-210 group (a combination of sub-effective CBD dose and PEA) and a non-treated control group. The results indicated differences in mortality rate as well as seizure rates over time. In the low-CBD group, a higher mortality rate (although not significant) was found and therefore it is reasonable to believe that no significant impact on neuronal protection was achieved. In the high-CBD group, higher, although not significant, levels of neuronal protection were found together with a decreased mortality rate when compared to control. The level of neuronal protection in the SCI-210 treatment was significantly higher compared to the control group and no mortality was found in this group. It was concluded that SCI-210 treatment may potentially be more effective than a CBD monotherapy. Moreover, since the concentrations used in the combo treatment are significantly lower than those recommended for CBD monotherapy, this treatment also has the potential to be safer.

Clinical Trials and Results – Collaboration with Clearmind

On March 7, 2022, SciSparc entered into the Cooperation Agreement with Clearmind. For more information regarding the Cooperation Agreement, please see "Information *Concerning the Target Business – Opportunity for Other Programs – Collaboration with Clearmind*".

In August 2022, SciSparc announced additional positive pre-clinical results of its psychedelic-based pharma collaboration for treatment for cocaine addiction using MEAI. For more information on these results, please see "Information *Concerning the Target Business Opportunity for Other Programs – Collaboration with Clearmind*".

Logistics

SNI maintains logistical support to facilitate its e-commerce operations, including shipment and distribution of its hemp-seeds oil based products.

Intellectual Property

On February 1, 2022, SciSparc was granted a patent by the United States Patent and Trademark Office (patent no. 11234956) titled "COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On March 2, 2022, SciSparc made an application for a patent with the Intellectual Property Department (Hong Kong) (application no. 62022050228.5) titled "COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On March 18, 2022, SciSparc made an application for a patent with the Intellectual Property Department (Hong Kong) (application no. 62022049191.9) titled "COMPOSITIONS AND METHODS FOR POTENTIATING DERIVATIVES OF 4-AMINOPHENOLS". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On March 31, 2022, SciSparc made an application for a patent with the State of Israel Patent Office (application no. 291864) titled "COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

In May 2022, SciSparc announced that its collaboration with Clearmind resulted in the filing of a provisional patent application related to a psychedelic combination therapy treating numerous binge behaviors. For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – Opportunity for Other Programs – Collaboration with Clearmind*".

In June 2022, SciSparc announced that its collaboration with Clearmind resulted in the filing of a provisional patent application related to treating cocaine addiction. For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – Opportunity for Other Programs – Collaboration with Clearmind*".

In September 2022, SciSparc announced that its collaboration with Clearmind resulted in the filing of a provisional patent application related to the use of 5-METHOXY-2-AMINOINDAN ("MEAI") in methods for

treating metabolic syndrome. For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – Opportunity for Other Programs – Collaboration with Clearmind*".

In August 2022, SciSparc received an Israeli patent for its core technology that treats central nervous systems disorders. The invention relates to "Pharmaceutical compositions comprised of cannabinoids and N-acylethanolamines, and methods for their use in preventing and treating a variety of cannabinoid-treatable conditions."

In September 2022, SciSparc announced that Clearmind filed a provisional patent application related to metabolic syndromes including obesity, regarding its collaboration with Clearmind. For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*" and see "*Information Concerning the Target Business – Opportunity for Other Programs – Collaboration with Clearmind*".

On September 29 2022, SciSparc made an application for a patent with the United States Patent and Trademark Office (application no. 17/955,730) titled "COMPOSITIONS AND METHODS OF POTENTIATING ANTIMICROBIALS". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On November 8, 2022, SciSparc was granted a patent by the United States Patent and Trademark Office (patent no. 11491172) titled "COMPOSITIONS AND METHODS OF POTENTIATING ANTIMICROBIALS". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On December 2022, SciSparc was granted a patent by the EPO (patent no. 3288553) titled "COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

Other Material Developments

On September 14, 2022, SciSparc entered into the Wellution Acquisition Agreement, pursuant to which SciSparc acquired the Brand. For more information regarding the Wellution Acquisition Agreement, please see "*Information Concerning the Target Business – Business of the Target Shares – Acquisition of Wellution™*".

2023

Clinical Trials and Results – SCI-110

In February 2021, SciSparc announced an agreement with The Israeli Medical Center for Alzheimer's, to conduct a phase IIa clinical trial to evaluate the safety, tolerability and efficacy of SCI-110 in patients with Alzheimer's disease and agitation using SciSparc's proprietary cannabinoid-based technology. In December 2021, The Israeli Medical Center for Alzheimer's recruited the first patient to participate in the phase IIa clinical trial. In June 2023, SciSparc announced positive topline results from its Phase IIa clinical trial of SCI-110 in patients with Alzheimer's disease and agitation at the Israeli Medical Center for Alzheimer's, suggesting that SCI-110 is safe and tolerable while significantly improving agitation symptoms over time in the elderly population with Alzheimer's disease. This Phase IIa clinical trial was an open label study, which included 18 patients diagnosed with Alzheimer's disease and agitation, to evaluate the safety, tolerability and efficacy trends of twice daily oral administration of SCI-110. Results showed that the clinical trial met its primary endpoints of the number of drop-out subjects due to poor tolerability and the number of

clinical trial treatment-related adverse events, with no SCI-110 related safety issues observed and no dropouts from the clinical trial due to clinical trial medication. Specifically, SCI-110 did not cause delirium, oversedation, hypotension or falls. In addition, analysis of the clinical trial results showed that the clinical trial also met its secondary end point of change from baseline to end of treatment in agitation measured by the Cohen Mansfield Agitation Inventory where out of the fifteen patients treated with SCI-110 at least two consecutive times during the trial, thirteen of them at doses ranging between 7.5mg-12.5mg/day showed amelioration in agitation with no need to use rescue medication to control agitation. Although not significant, in the exploratory endpoints, eleven patients reduced food intake and showed feeding difficulties, as measured by the Edinburgh Feeding Evaluation in Dementia scale. There was not an effect observed resulting from the treatment on cognition and sleep quality, as measured by the Mini Mental State Examination and by the Sleep Order Inventory, respectively.

Following previous Phase IIa study in TS, SciSparc announced in June 2023 BfArM approval for a Phase IIb clinical trial for SCI-110 in subjects suffering from TS, with a view to such clinical trial being carried out in Germany at the Hannover Medical School.

In September 2023, SciSparc initiated the TS Phase IIb clinical trial at Sourasky Medical Center. The 86 patients in the clinical trial are randomized to either oral SCI-110 or placebo at a 1:1 ratio. The overall estimated clinical trial duration is 18-24 months. SciSparc may also be required to conduct further pre-clinical studies in parallel to its clinical plans as part of registration process with the FDA and EMA. Following these clinical trials, if successful, SciSparc intends to conduct a Phase III, multinational, multicenter, randomized, double-blind, parallel-group, placebo controlled clinical trial to evaluate the safety, tolerability and efficacy of up to twice daily oral SCI-110 in treating TS.

In June 2023, SciSparc received Internal Review Board approval at the Child Study Center at Yale School of Medicine.

Clinical Trials and Results – SCI-210

On January 9, 2023, SciSparc signed an agreement with Soroka Medical Center to conduct the clinical trial with pediatric patients suffering from ASD. SciSparc's regulatory request to carry out this clinical trial was granted by the Israeli Medical Cannabis Agency ("**IMCA**") on July 10, 2023. This randomized, double-blind placebo-controlled clinical trial to evaluate the potential efficacy, safety and tolerability of SCI-210 in treating patients with ASD was initiated in July 2023.

Clinical Trials and Results – Collaboration with Clearmind

In June 2023, SciSparc announced that Clearmind and SciSparc were to conduct a study evaluating their combination treatment for obesity and metabolic syndrome. In November 2023, successful results were announced from a pre-clinical trial on rodents, testing the efficacy of the combination treatment of PEA and MEAI on obesity, performed by Joseph Tam from the Hebrew University of Jerusalem. For more information about this study, please see "*Information Concerning the Target Business – Opportunity for Other Programs – Collaboration with Clearmind*".

Logistics

On June 7, 2023, SciSparc entered into a license and distribution agreement with SNI pursuant to which SciSparc granted SNI an exclusive license to sell and market its PEA oral tablets, CannAmide™ on the Amazon.com marketplace in Canada. SciSparc and SNI subsequently entered into an amendment to the license and distribution agreement effective as of June 7, 2024, whereby the term of such agreement was extended indefinitely. On closing of the Qualifying Transaction, SciSparc will provide an undertaking to the TSXV whereby it undertakes that it will not terminate or amend the license and distribution agreement for so long as SciSparc remains a Control Person of the Resulting Issuer.

Intellectual Property

In February 2023, SciSparc announced that Clearmind filed three provisional patents with the USPTO as a part of their ongoing collaboration. Additionally, in February 2023, SciSparc announced that as part of its ongoing collaboration with Clearmind, Clearmind filed three provisional patent applications with the USPTO, for unique combinations of future psychedelic-based compounds.

On March 23, 2023, SciSparc was granted a patent by the Japan Patent Office (patent no. 7244992) titled "COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On April 3, 2023, SciSparc made an application for a patent with the China National Intellectual Property Administration (application no. 202310348490.3) titled "COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On June 7, 2023, SciSparc made an application for a patent with the Intellectual Property Department (Hong Kong) (application no. 62023074181.6) titled "METHODS FOR MAINTAINING MICROVASCULAR INTEGRITY". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On June 8, 2023, SciSparc made an application for a patent with the China National Intellectual Property Administration (application no. 202310678191.6) titled "COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On June 16, 2023, SciSparc made an application for a patent with the Intellectual Property Department (Hong Kong) (application no. 42023074604.2) titled "COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

In August 2023, Clearmind filed a patent application for the treatment of dyskinesia, a combination of the pyschadelic molecule 3-Methylmethcathinone and PEA.

On August 24, 2023, SciSparc made an application for a patent with the State of Israel Patent Office (application no. 305528) titled "COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On October 17, 2023, SciSparc made an application for a patent with IP Australia (application no. 2023251426) titled "COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On October 19, 2023, SciSparc made an application for a patent with IP Australia (application no. 2023251499) titled "COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please

see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On November 1, 2023, SciSparc was granted a patent by European Patent Convention (patent no. 3297622) titled "COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On November 2, 2023, SciSparc was granted a patent by IP Australia (patent no. 2021206784) titled "COMBINATIONS OF CANNABINOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On November 9, 2023, SciSparc was granted a patent by IP Australia (patent no. 2021204517) titled "COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On November 20, 2023, SciSparc made an application for a patent with the Intellectual Property Department (Hong Kong) (application no. 42023082831.1) titled "COMBINATIONS OF OPIOIDS AND N-ACYLETHANOLAMINES". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

Other Material Developments

On February 23, 2023, SciSparc entered into the Wellution Sale Agreement and the Wellution Management Agreement. For more information regarding the Wellution Sale Agreement and the Wellution Management Agreement, please see "*Information Concerning the Target Business – Business of the Target Shares – Wellution™ Sales Agreement*".

2024

Clinical Trials and Results – SCI-110

In September 2024, SciSparc received FDA Approval to Initiate its Phase IIb clinical trial for Tourette Syndrome Treatment in the US.

Clinical Trials and Results – SCI-210

In January 2024, SciSparc initiated patient enrollment for the Soroka Medical Center clinical trial for pediatric patients suffering from ASD. In February 2024, SciSparc announced that it had successfully completed the manufacturing of the SCI-210 treatment for the clinical trial. In March 2024, the first patient was enrolled in this clinical trial.

Logistics

Clinical trial associated logistics:

In order to provide clinical supplies for SciSparc's two running studies in 2024, SciSparc has entered into agreements with a number of companies that provide clinical supply services for clinical trials.

In the SCI-110 trial, PCI is responsible for the clinical supply for the clinical sites in the USA and Germany, and IMP to the clinical site in Israel. No research drugs have been issued yet. PCI also Responsible for importing the drugs from their place of manufacturing, in Procaps Colombia.

For the SCI-210 trial, the company contracted with Cannbit Pharmaceuticals for the production and supply of CBD oil and contracted with IMP, which imports and supplies CannAmide to the clinical trial site in Israel.

Intellectual Property

In March 2024, SciSparc Issued Canadian Patent for Opioids Reduction Use in Pain Management Technology For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

In May 2024, SciSparc was granted a patent for its core-technology, the combination of cannabinoids and n-acylethanolamines, by the Canadian Intellectual Property Office. For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On May 22, 2024, SciSparc was granted a patent by European Patent Convention (patent no. 3484469) titled "COMPOSITIONS AND METHODS OF POTENTIATING ANTIMICROBIALS". For more information regarding SciSparc's intellectual property portfolio, including the aforementioned patent, please see "*Information Concerning the Target Business – General Overview of Target Business – Intellectual Property Portfolio*".

On July 2024, an additional patent application with the United States Patent and Trademark Office ("**USPTO**") was submitted as part of its ongoing collaboration with Clearmind The patent application for treating metabolic syndrome and obesity.

Other Material Developments

2025

There were no significant events reported to the public during the first half of 2025.

SciSparc also continues preparations for the SCI-110 trial in TS and continues to recruit patients for the SCI-210 trial in ASD.

Polyrizon' s License Grant

Subject to the terms and conditions of the license agreement between SciSparc and Polyrizon Ltd. ("**Polyrizon**"), entered into on August 13, 2024 (the "**Polyrizon License Agreement**"), SciSparc granted to Polyrizon an exclusive (even as to SciSparc), worldwide right and license under the licensed patent rights listed below, with the right to grant sublicenses through multiple tiers, to exploit licensed products only in the field of pain.

The licensed patents for the field of pain are listed below:

Licensed Patent Rights

Docket Number	Country	Application No.	Filing Date	Patent No.	Patent Date	Status
14339.0002-00110	Australia	2016254685	19-Apr-2016	2016254685	05-Aug-2021	ISSUED-INAC

14339.0002-02110	Australia	2023251426	17-Oct-2023			Pending
14339.0002-00131	Canada	2,984,088	19-Apr-2016	2,984,088	09-Apr-2024	Issued
14339.0002-01155	European Patent Convention	22215663.0	19-Apr-2016			Published
14339.0002-01178	Hong Kong	4202307460 4.2	16-Jun-2023			Published
14339.0002-00186	Israel	255238	19-Apr-2016	255238	02-Aug-2022	ISSUED-INAC
14339.0002-01186	Israel	291864	31-Mar-2022			Pending
14339.0002-00195	Japan	2018-507796	19-Apr-2016	6938465	03-Sep-2021	ISSUED-INAC
14339.0002-00000	United States of America	15/570,118	19-Apr-2016	11,234,956	01-Feb-2022	Issued
14339.0002-04000	United States of America	17/459,583	27-Aug-2021			Published

Opportunity for SCI-110 – Tourette Syndrome

Tourette Syndrome

TS is a neuropsychiatric disorder, characterized by physical (motor) tics and vocal (phonic) tics. Motor tics generally precede the development of phonic tics in TS, and the onset of simple tics usually predates that of complex tics. TS ranges from mild symptoms to loud noises and forceful movements that can result in self-injury (e.g. punching oneself in the face, repeating other people's words or involuntary swearing). Many with TS experience additional neurobehavioral problems and comorbidities including inattention, hyperactivity and impulsivity, anger control problems, sleep difficulties, and obsessive-compulsive symptoms. Pharmacotherapy is used when symptoms are more severe and interfere with the ability to function. Furthermore, according to the Centers for Disease Control and Prevention (the "**CDC**"), in most cases, the prevalence of tics decreases during adolescence and early adulthood, and sometimes disappears entirely; therefore, there are a limited number of adults with TS and it is usually manifested mainly through moderate to severe symptoms.

TS Market Opportunity

Rising healthcare expenditure, favorable government initiatives, the increase in use of telemedicine and increasing aging population will drive the TS treatment market. North America was the largest region in the TS treatment market, accounting for 47.72% or $1.06 billion of the total in 2023. It was followed by Western Europe, Asia Pacific and then other regions. Going forward, the fastest-growing regions in the TS treatment market will be Asia-Pacific and Western Europe, where growth will be at compound annual growth rates, or CAGR, of 7.21% and 6.26%, respectively. These will be followed by North America and South America, where the markets are expected to grow at CAGRs of 5.96% and 5.14%, respectively.

The global TS treatment market size was approximately $2.23 billion in 2023 and is expected to reach $2.98 billion by 2028.

According to the CDC, the prevalence of moderate to severe TS is reported to be 44%, indicating a significant portion of individuals experiencing notable symptoms of the condition. Interestingly, adolescents between the ages of 12 and 17 show a more than twofold likelihood of being diagnosed with TS compared to children aged 6 to 11. It highlights the impact of TS on various age groups. It emphasizes the substantial

demand for effective treatments within the TS treatment market to address the diverse needs of individuals with the condition.

According to the CDC, 83% of children diagnosed with TS also have at least one additional mental, behavioral, or developmental disorder that serves as a driver for the TS treatment market.

Current TS Treatment

Pharmacological intervention is considered the first line of therapy for TS, but is reserved for more severe symptoms that interfere with the individual's ability to function. Today, a full class of drugs that interact with dopamine and non-dopamine systems in the brain are used in the treatment of TS symptoms. Although as of the date of this Filing Statement, the FDA has approved only two pharmacological treatments (for adult TS- haloperidol and pimozide – these treatments have a "black box warning"). Many drugs approved or off-label to treat TS are limited to the treatment of a narrow range of TS symptoms (mainly tics), and are associated with severe side effects, both of which limit their utility. Furthermore, several of these drugs have a black box warning on their label due to their potentially lethal effect. A black box warning is the strictest warning put in the labeling of prescription drugs or drug products by the FDA when there is reasonable evidence of an association of a serious hazard with the drug.

The medications commonly used to treat symptoms of TS can be divided into the following groups:

- Antipsychotic medications: belong to a class of drugs primarily used to manage psychosis (including haloperidol, pimozide and fluphenazine), all of which are associated with severe side effects (including weight gain, sedation, akathisia (a state of agitation, distress, and restlessness), nausea and tardive dyskinesia (involuntary movements of the face and jaw), among others).

- Alpha2 Adrenergic Agonists: belong to a class of drugs primarily used to manage hypertension and migraine headaches prevention (including clonidine and guanfacine), which have limited utility despite common application to children with Attention Deficit Hyperactivity Disorder, or ADHD. Similar to antipsychotic medications, these also are associated with several side effects, and some of them, such as clonidine, might even be lethal.

- Benzodiazepines, an anticonvulsant or antiepileptic drug: belong to a class of drugs primarily used to manage seizures, panic disorder and movement disorders. Of these, Clonazepam is used off-label for the reduction of tics in TS patients, which also has associated negative side effects.

As the currently used medications are managing only a small number of disease symptoms with limited efficacy and questionable safety, there is a clear unmet medical need for the management of TS.

Clinical Studies

SciSparc's SCI-110 platform is a drug candidate for the treatment of TS.

On April 4, 2018, SciSparc announced topline results of its Phase IIa investigator-initiated study at Yale University of SCI-110 for the treatment of TS. The study was a single-arm, open-label trial, in which each subject both received one daily treatment of SCI-110 via oral administration and was followed-up for a period of 12 weeks. 16 subjects participated in the study and received SCI-110 at the Yale University Child Study Center at Yale University. The primary endpoint of the study was to assess the performance of SCI-110 in the treatment of adult patients suffering from symptoms of TS, as measured by the Yale Global Tic Severity Scale Total Tic Score ("**YGTSS-TTS**") the customary index for assessing symptom severity. Treatment was given in a dose titration regimen with a maximum dose of SCI-110 consisting of 10mg dronabinol and 800mg CannAmide™.

The topline results of the study showed that each of these 16 subjects with medication-refractory TS sustained a significant reduction of tic symptoms (paired t-test: YGTSS-TTS mean difference (mean +/-

SD) =7.9+/-8.4, t= 3.7, df=15, p=0.002) from baseline (YGTSS-TTS: 38.4 +/- 8.3) to endpoint YGTSS-TTS: 30.5 +/- 10.9). This resulted in an average tic reduction of 21% across the entire sample of 16 TS subjects. Six of the 16 medication-refractory TS subjects experienced a response to treatment as defined by a reduction in YGTSS-TTS of greater than 25%. Improvement over time with treatment was also observed when generalized linear models were used to analyze repeated measures data on the YGTSS-TTS. In the study, SCI-110 demonstrated no significant effects on comorbid ADHD, anxiety, depression or obsessive-compulsive disorder ("**OCD**") symptoms. The medication was generally well-tolerated by the subjects with only two subjects stopping treatment early (one due to sedation and another due to lack of improvement in tic symptoms). 12 of the 16 subjects elected to proceed with a 24-week extension phase of the trial, which was also completed.

Following the Phase IIa study, SciSparc announced in June 2023 BfArM approval for a Phase IIb clinical trial for SCI-110 in subjects suffering from TS, with a view to such clinical trial being carried out in Germany at the Hannover Medical School. In August 2022, SciSparc received MoH approval to conduct the clinical trial in the State of Israel at Sourasky Medical Center. SciSparc also received Ethics Committee approvals in 2022 from Hannover Medical School and Sourasky Medical Center and Internal Review Board approval in 2023 at the Child Study Center at Yale School of Medicine.

In September 2023, SciSparc initiated the Phase IIb clinical trial at Sourasky Medical Center. The 86 patients in the clinical trial are randomized to either oral SCI-110 or placebo at a 1:1 ratio. The overall estimated clinical trial duration is 18-24 months from the time all clinical sites are up and running. SciSparc may also be required to conduct further pre-clinical studies in parallel to its clinical plans as part of registration process with the FDA and EMA. Following these clinical trials, if successful, SciSparc intends to conduct a Phase III, multinational, multicenter, randomized, double-blind, parallel-group, placebo controlled clinical trial to evaluate the safety, tolerability and efficacy of up to twice daily oral SCI-110 in treating TS.

In June 2016, SciSparc submitted a request for orphan drug designation to the FDA for SCI-110 for the treatment of TS. The request is still pending and SciSparc is in communication with FDA. SciSparc's last communication with the FDA was in December 2020 when SciSparc received a letter from the FDA raising a concern that it will be hard to limit the use of the pharmaceutical product to the subset of patients being pursued. There is no assurance that SciSparc will successfully obtain orphan drug designation for TS. However, in light of the fact that SciSparc disagrees with this concern expressed by the FDA, SciSparc requested a clarification call. In the clarification call conducted on February 2, 2021, SciSparc agreed with the FDA concern about SciSparc's ability to limit the use of the pharmaceutical product to the subset of patients in addition to a safety concern associated with Δ^9THC treatment in pediatrics population so SciSparc suggested to amend its preliminary request and asked to include only adults in the treated population. An amendment letter was discussed and the FDA described what it would want to see in such an amendment. In March 2021, SciSparc sent its response to the FDA. In June 2021, SciSparc received a response from the FDA, explaining that they are unable to grant SciSparc's request until new information becomes available to support its request for orphan drug designation. SciSparc will re-visit the application after SciSparc obtains clinical results from its phase IIb clinical trial in TS.

If the FDA does not allow SciSparc to pursue the Section 505(b)(2) regulatory pathway as anticipated, SciSparc may need to conduct additional clinical trials, provide additional data and information and meet additional standards for regulatory approval. If this were to occur, the time and financial resources required to obtain FDA approval, and complications and risks associated with FDA approval, would substantially increase. In a pre-IND meeting SciSparc had with the FDA in February 2018, the FDA did not oppose SciSparc's plans to submit an NDA via the 505(b)(2) pathway relying, in part, on clinical and nonclinical information from literature related to dronabinol and the FDA's previous finding of safety and efficacy for the reference listed drug (Marinol).

In August 2024, SciSparc submitted an Investigational New Drug application with the FDA for its phase IIb clinical trial for SCI-110.

Timing and Stage of Development Programmes

SCI-110

Projected timelines for the development of SCI-110 are the following:

- Phase IIb first patient in ("**FPI**"): Q4 2025
- Last patient in ("**LPI**"): Q4 2027

SCI-210

Projected timeline for the development of SCI-210: LPI Q4 2026

CannAmide

On June 7, 2023, SciSparc entered into a license and distribution agreement with SNI pursuant to which SciSparc granted SNI an exclusive license to sell and market its PEA oral tablets, CannAmide™ on the Amazon.com marketplace in Canada. SciSparc and SNI subsequently entered into an amendment to the license and distribution agreement effective as of June 7, 2024, whereby the term of such agreement was extended indefinitely. On closing of the Qualifying Transaction, SciSparc will provide an undertaking to the TSXV whereby it undertakes that it will not terminate or amend the license and distribution agreement for so long as SciSparc remains a Control Person of the Resulting Issuer.

Short-Term Objectives

Over the next twelve months, SciSparc plans to accomplish the following objectives with respect to the Target Assets:

SCI-110

1. Initiation of Hannover Medical School clinical site, Germany. Cost: Nil;
2. Initiation of Yale Child Study Center clinical site, USA. Cost: Nil;
3. First patient in ("**FPI**") in Tel-Aviv, Sourasky, Medical Center, Israel. Cost: $10,000;
4. FPI in Hannover Medical School clinical site, Germany. Cost: $45,000;
5. FPI in Yale Child Study Center clinical site, USA. Cost: $45,000;
6. First dosing in Tel-Aviv, Sourasky, Medical Center, Israel. Cost: $50,000;
7. First dosing in Hannover Medical School, Germany. Cost: $50,000;
8. First dosing in Yale Child Study Center clinical site, USA. Cost: $50,000;
9. Enrollment of 10 patients in all sites. Cost: $216,000; and
10. Manufacturing of additional batches of the drug candidate. Cost: $250,000.

SCI-210

1. Continue study enrollment (enroll additional 15 patients). Cost: CAD$25,000;
2. Manufacture additional batches of drug candidate. Cost: CAD$15,000.

Patent Development

1. Intellectual property maturation. Cost: $160,000.

Business of the Target Shares

Name and Incorporation

SNI's full corporate name is "SciSparc Nutraceuticals Inc." SNI was incorporated under the laws of the state of Delaware on March 7, 2021.

Acquisition of Wellution™

On September 14, 2022, SciSparc entered into an acquisition agreement with Merhavit M.R.M Holding and Management Ltd. ("**M.R.M**") and the other parties named therein (the "**Wellution Acquisition Agreement**"), to acquire from M.R.M its rights to purchase, the Wellution™ brand ("**Wellution**" or the "**Brand**"). In connection therewith, SciSparc incorporated a new wholly owned subsidiary, SNI, to hold the new assets of the Brand. The Brand sells hemp-based products, including hemp gummies, hemp oil capsules, hemp gel, hemp cream, detox pills, height pills, antibacterial creams, and anti-aging creams, among other beauty and hair treatment products that are all manufactured in the United States.

In accordance with the closing of the Wellution Acquisition Agreement for the Brand which took place on September 30, 2022, SciSparc paid US$4.59 million for the Brand and issued to M.R.M US$15 million worth of warrants to purchase SciSparc's ordinary shares (the "**M.R.M Warrants**"). The M.R.M Warrants had an exercise price of US$182 per share and an exercise period of five years from the closing, until September 30, 2027. The M.R.M Warrants were exercisable during the exercise period upon the earlier of (i) an achievement of US$100 million of gross sales by the Brand in the aggregate or (ii) if the price of SciSparc's ordinary shares closes at US$10.00 or above. On March 26, 2024, M.R.M. agreed with SciSparc to waive all its rights under the M.R.M. Warrants and have the M.R.M. warrants cancelled for no consideration.

Wellution™ Sales Agreement

On February 23, 2023, SciSparc entered into a sale agreement with Jeffs' Brand Holding Inc. ("**Jeffs' Holdings**") and Jeffs' Brands Ltd. ("**Jeffs' Brands**"), pursuant to which, at the closing on March 28, 2023, Jeffs' Holdings acquired from SciSparc 57 of common stock of SNI, equal to approximately a 49% interest in SciSparc's wholly owned subsidiary, SNI, which owns the Brand, for a cash consideration of $2.5 million (the "**Wellution Sale Agreement**"). In addition to the cash consideration upon closing, SciSparc received from Jeffs' Brands an additional deferred payment amount accounting for certain purchase price adjustments related to inventory and working capital, which adjustments increased the purchase price by approximately US$489,330. As collateral for the payment in full of the purchase price adjustment, SciSparc held back such number of shares of common stock of SNI, equal to the outstanding due amount of the purchase price adjustment (the "**Holdback Shares**").

Following the closing of the Wellution Sale Agreement, including an equity conversion of the financing amounts SciSparc previously provided to SNI for working capital and the release by SciSparc of the Holdback Shares, SciSparc held approximately 51% of the outstanding capital stock of SNI.

In connection with the Wellution Sale Agreement, at the closing, Jeffs' Brands and SNI entered into a consulting agreement (the "**Wellution Management Agreement**") for the provision of services by Jeffs' Brands for the management of the Brand for a monthly fee of US$20,000, which was reduced to US$10,000 effective as of November 2023. Jeffs' Brands also received a one-time signing bonus at the closing in the amount of US$51,000. The Wellution Management Agreement is in effect for an undefined period of time and may be terminated by either party with 30 days' advance notice.

On July 28, 2025, SNI and Jeffs' Brands entered into a side letter to the Wellution Management Agreement (the "**Side Letter**"), according to which, effective as of June 30, 2025, all consulting fees that are outstanding on June 30, 2025 or that accrue for services rendered after such date shall be payable only (i) out of SNI's positive cash flow and (ii) not earlier than October 30, 2026.

Distribution

On June 7, 2023, SciSparc entered into a license and distribution agreement with SNI pursuant to which SciSparc granted SNI an exclusive license to sell and market its PEA oral tablets, CannAmide™ on the Amazon.com marketplace in Canada. SciSparc and SNI subsequently entered into an amendment to the license and distribution agreement effective as of June 7, 2024, whereby the term of such agreement was extended indefinitely. On closing of the Qualifying Transaction, SciSparc will provide an undertaking to the TSXV whereby it undertakes that it will not terminate or amend the license and distribution agreement for so long as SciSparc remains a Control Person of the Resulting Issuer.

Selected Financial Information and MD&A

Selected Financial Information

The following selected carve-out financial information has been derived from and is qualified in its entirety by the carve-out abbreviated financial statements for (i) the years ended December 31, 2024 and December 31, 2023 (audited), (ii) the years ended December 31, 2023, and December 31, 2022 (audited), and (iii) the six months ended June 30, 2025 (unaudited), and notes thereto included in this Filing Statement, and should be read in conjunction with such carve-out abbreviated financial statements and the related notes thereto, along with the MD&A for the six months ended June 30, 2025, and the fiscal years ended December 31, 2024, and December 31, 2023, included in Schedules E, F, G, H and I of this Filing Statement. All carve-out financial statements of the Target Assets are prepared in accordance with IFRS.

Operating Expenses	Six Months Ended June 30, 2025 (unaudited) (US$, in thousands)	Year ended December 31, 2024 (audited) (US$, in thousands)	Year ended December 31, 2023 (audited) (US$, in thousands)	Year ended December 31, 2022 (audited) (US$, in thousands)
Research and development	956	1,707	1,641	2,803
Net Loss	956	1,707	1,641	2,803

Please see the below table for a breakdown of the research and development expenses of the Target Assets for the for the six months ended June 30, 2025, and the fiscal years ended December 31, 2024, December 31, 2023, and December 31, 2022.

Research and Development Expenses	Six Months Ended June 30, 2025 (unaudited) (US$, in thousands)	Year ended December 31, 2024 (audited) (US$, in thousands)	Year ended December 31, 2023 (audited) (US$, in thousands)	Year ended December 31, 2022 (audited) (US$, in thousands)
Wages and Related Expenses	172	390	392	436
Share-based Compensation	42	45	34	264
Clinical Studies	181	276	254	369
Research and Pre-clinical Studies	129	211	101	703
Chemistry and Formulations	42	104	141	281

Research and Development Expenses	Six Months Ended June 30, 2025 (unaudited) (US$, in thousands)	Year ended December 31, 2024 (audited) (US$, in thousands)	Year ended December 31, 2023 (audited) (US$, in thousands)	Year ended December 31, 2022 (audited) (US$, in thousands)
Regulatory and Other Expenses	390	681	719	750
Net Loss	956	1,707	1,641	2,803

The following selected carve-out financial information has been derived from and is qualified in its entirety by the unaudited interim financial statements of SNI for the six months ended June 30, 2025, and the audited financial statements of SNI for the years ended December 31, 2024 and December 31, 2023, and notes thereto included in this Filing Statement, and should be read in conjunction with such financial statements and the related notes thereto, along with the MD&A for the six months ended June 30, 2025, and the fiscal years ended December 31, 2024, and December 31, 2023, included in Schedule J, Schedule K, Schedule L and Schedule M of this Filing Statement. All audited financials statements of SNI are prepared in accordance with IFRS.

	Six Months Ended June 30, 2025 (unaudited) (US$, in thousands)	Fiscal Year Ended December 31, 2024 (audited) (US$, in thousands)	Fiscal Year Ended December 31, 2023 (audited) (US$, in thousands)
Summary Operating Results			
Revenue	461	1,306	2,879
Cost of sale	(101)	(800)	(683)
Gross Profit	360	506	2,196
Operating expenses	(530)	(2,948)	(3,652)
Net operating loss	(170)	(2,442)	(1,456)
Other income (expense)	Nil	22	(22)
Net loss	(170)	(2,420)	(1,478)
Total comprehensive loss	(170)	(2,420)	(1,478)
Balance Sheet Data			
Cash	59	117	146
Total assets	1,642	1,764	4,113
Total liabilities	274	226	155
Shareholders' equity	1,368	1,538	3,958

Management's Discussion and Analysis

Management's discussion and analysis for the carve-out audited financial statements on the Target Assets as at and for the six months ended June 30, 2025, and the fiscal years ended December 31, 2024, and December 31, 2023, are attached hereto as Schedule G and Schedule I to this Filing Statement and should be read in conjunction with the carve-out financial statements of the Target Assets and the disclosure contained in this Filing Statement.

Management's discussion and analysis for the audited financial statements of SNI for the six months ended June 30, 2025, and the fiscal years ended December 31, 2024, and December 31, 2023, are attached hereto as Schedule K and Schedule M to this Filing Statement and should be read in conjunction with the audited financial statements of SNI and the disclosure contained in this Filing Statement.

INFORMATION CONCERNING THE RESULTING ISSUER

Information contained in this part is forward-looking in nature and assumes completion of the Qualifying Transaction. See "*Cautionary Note Regarding Forward-Looking Information".*

Corporate Structure

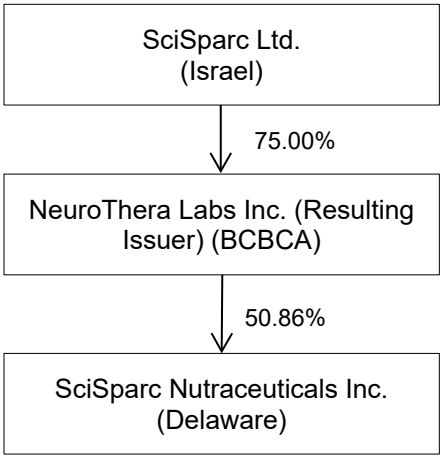
Name and Incorporation

The corporate name of the Resulting Issuer is expected to be "NeuroThera Labs Inc." or such similar name as may be approved by the Resulting Issuer, in its discretion, and accepted by the Exchange. The Resulting Issuer will be a corporation incorporated under the BCBCA. The Resulting Issuer's head office will be located at Suite 600, 890 West Pender Street, Vancouver, British Columbia V6C 1J9. The registered and records office of the Resulting Issuer will be located at Suite 600, 890 West Pender Street, Vancouver, British Columbia V6C 1J9.

The Resulting Issuer will carry on the business of SNI and the business of SciSparc with respect to the Target Assets.

Intercorporate Relationships

Upon completion of the Qualifying Transaction, the Resulting Issuer will have one majority-owned subsidiary, SNI.



Narrative Description of the Business

The Resulting Issuer will carry on the Target Business as described above in "*Information Concerning the Target Business – Information Concerning the Target Shares – Narrative Description of the Target Shares*" and in "*Information Concerning the Target Business – Information Concerning the Target Business – General Overview of the Target Business*".

The primary objectives the Resulting Issuer intends to achieve in the next twelve months with its available funds are to advance the short-term objectives set out in "*Information Concerning the Target Business – Timing and Stage of Development Programmes – Short-Term Objectives*".

Description of Resulting Issuer Securities

Resulting Issuer Shares

The authorized share capital of the Resulting Issuer following completion of the Qualifying Transaction shall consist of an unlimited number of Resulting Issuer Shares. Each Resulting Issuer Share will carry the same rights as an Miza Common Share. See "*Information Concerning Miza – Description of Securities*".

Resulting Issuer Options

Upon completion of the Qualifying Transaction, an aggregate of 500,000 Resulting Issuer Options will be outstanding and will be governed by the Miza Stock Option Plan. Upon exercise in accordance with their terms, each Resulting Issuer Option shall be exercisable to acquire one Resulting Issuer Share. See "*Information Concerning Miza – Description of Securities*".

Resulting Issuer Warrants

Upon completion of the Qualifying Transaction, an aggregate of 4,000,000 Resulting Issuer Warrants shall be outstanding. Upon exercise in accordance with their terms, each Resulting Issuer Warrant shall be exercisable to acquire one Resulting Issuer Share. See "*Information Concerning Miza – Description of Securities*".

Resulting Issuer CVRs

Upon completion of the Qualifying Transaction, an aggregate of 48,000,000 Resulting Issuer CVR shall be outstanding. Upon conversion in accordance with their terms, each Resulting Issuer CVR will entitle the holder thereof to acquire one Resulting Issuer Share for no additional consideration.

Upon the satisfaction of Milestone A, being the Resulting Issuer completing an Uplisting Transaction within twenty four (24) months of date of the Closing Date, 16,000,000 Resulting Issuer Shares will be issuable pursuant to the conversion of the Resulting Issuer CVR.

Upon the satisfaction of Milestone B, being the Resulting Issuer successfully raising an aggregate of US$10 million or more in equity and/or debt financing within forty-eight (48) months of the Closing Date, 16,000,000 Resulting Issuer Shares will be issuable pursuant to the conversion of the Resulting Issuer CVR.

Upon the satisfaction of Milestone C, being the Resulting Issuer completing a clinical trial within forty-eight (48) months of the Closing Date, 16,000,000 Resulting Issuer Shares will be issuable pursuant to the conversion of the Resulting Issuer CVR.

See "*The Reverse Takeover*" for more information on the terms governing the conversion of the Resulting Issuer CVRs.

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma share capital of the Resulting Issuer, on a consolidated basis, after giving effect to the Qualifying Transaction:

Designation of Security	Number Authorized or to be Authorized	Number Outstanding Prior to Giving Effect to the Qualifying Transaction	Number Outstanding After Giving Effect to the Qualifying Transaction
Resulting Issuer Shares	Unlimited	18,100,000	84,400,000
Resulting Issuer CVRs	48,000,000	Nil	48,000,000
Options	10% of Issued and Outstanding	500,000	500,000
Warrants	4,000,000	Nil	4,000,000
Convertible Note	$1,000,000	Nil	Nil

This selected financial information has been derived from and should be read in conjunction with the pro forma financial statements for the period ended July 31, 2025, which are attached to this Filing Statement as Schedule N.

Fully-Diluted Share Capital

Set out below is a table indicating the number of Resulting Issuer securities expected to be outstanding on a fully-diluted basis after giving effect to the Qualifying Transaction and the percentage of the fully-diluted shares which each category represents:

Resulting Issuer Pro Forma Shareholdings	Resulting Issuer Shares[(1)]
Resulting Issuer Shares held by existing Miza Shareholders	18,100,000 (12.85%)
Resulting Issuer Shares to be issued to SciSparc	63,300,000 (44.92%)
Resulting Issuer Shares to be issued to the Finders	3,000,000 (2.13%)

Total non-diluted share capital of the Resulting Issuer:	**84,400,000 (59.90%)**
Resulting Issuer Shares Issuable to Holders of	
Resulting Issuer CVRs	48,000,000 (34.07%)
Resulting Issuer Options to be exchanged for Miza Options	500,000 (0.35%)
Resulting Issuer Warrants to be issued as consideration for the Convertible Note	4,000,000 (2.84%)
Convertible Note[2]	4,000,000 (2.84%)
Total fully-diluted capital of the Resulting Issuer:	**140,900,000 (100.00%)**

Notes:
(1) All percentages expressed on a fully-diluted basis.
(2) On the Maturity Date, the outstanding principal and accrued but unpaid interest under the Convertible Note shall be convertible into Resulting Issuer Shares, at the sole election of the Holder, at a price of CDN$0.25 per share up to the Share Cap, subject to customary anti-dilution adjustments. Upon conversion of the Convertible Note, for any principal amount or accrued interest not converted into Resulting Issuer Shares due to being in excess of the Share Cap or rounding, the Resulting Issuer will pay the holder of the Convertible Note a cash amount of such outstanding balance. See "*Summary of Filing Statement – Convertible Note*".

Resulting Issuer Available Funds and Principal Purposes

The following table sets out the estimated funds available to the Resulting Issuer after giving effect to the Qualifying Transaction as at the dates indicated:

Source of Funds	Following Completion of the Qualifying Transaction (US$)
Estimated Miza working capital as at September 30, 2025	1,000,000[1]
Estimated SNI working capital as at September 30, 2025	100,000
Convertible Grid Note	716,743[2]I
Total available funds:	**1,816,743**

Notes:
(1) Amount includes an estimate of USD Note. The anticipated principal amount of the USD Note at Closing is US$350,000.
(2) $1,000,000 converted into United States dollars based on the Currency Rate.

The following table sets out the proposed use of the available funds by the Resulting Issuer for the 12 month period after giving effect to the Qualifying Transaction.

Principal Uses of Available Funds	Following Completion of the Qualifying Transaction (US$)
Estimated Management Salaries	350,000
Estimated Finance Costs	25,000
Estimated Research and Development Costs	926,247[1]
Estimated Administration Expenses	85,000
Estimated transaction costs – audit fees	50,000
Estimated transaction costs – legal fees	150,000
Unallocated Working Capital	230,496
Total available funds:	**1,816,743**

Note:
(1) The Resulting Issuer anticipates that an aggregate of US$641,247 will be allocated to SCI-110, US$213,749 will be allocated to SCI-210, and US$71,251 will be allocated to therapies developed through a collaboration with Clearmind.

Selected Pro Forma Financial Information

The following table sets out a summary of selected pro forma consolidated financial information of the Resulting Issuer as at July 31, 2025, after giving effect to the Qualifying Transaction, as well as certain other adjustments, and should be read in conjunction with the pro forma consolidated financial statements and the notes thereto of the Resulting Issuer attached hereto as Schedule N:

Balance Sheet Data	As of July 31, 2025 (US$)
Current Assets	2,088,300
Total Assets	3,471,300
Current Liabilities	205,000
Total Liabilities	1,459,300
Shareholders' Equity	2,012,000

Dividend Policy

It is not anticipated that the Resulting Issuer will pay any cash dividends in the foreseeable future. It is expected that the Resulting Issuer will use its earnings to finance further business development. Any future determination to pay dividends will be at the discretion of the Resulting Issuer Board and will depend on, among other things, the Resulting Issuer's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Resulting Issuer Board may deem relevant. Apart from those imposed by statute, there are no restrictions on the Resulting Issuer's ability to pay dividends.

Resulting Issuer Principal Securityholders

Except as disclosed below, to the knowledge of management of Miza and SciSparc, no securityholder is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Qualifying Transaction (on non-diluted basis).

Name and Municipality of Residence	Number and Class of Security (% of Class)[1]	Type of Ownership
SciSparc Ltd. *Tel Aviv, Israel*	63,300,000 Resulting Issuer Shares (75.0%)[2]	Direct

Notes:

(1) On closing of the Qualifying Transaction, the Resulting Issuer will have 84,400,000 Resulting Issuer Shares on a non-diluted basis. On a fully-diluted basis, the Resulting Issuer will have 140,900,000 Resulting Issuer Shares outstanding.

(2) 84.67% on a fully-diluted basis.

Resulting Issuer Officers, Directors and Promoters

Name, Address, Occupation and Resulting Issuer Security Holdings

The following table sets out (a) the name and municipality of each person proposed as a director or an officer of the Resulting Issuer, or a Promoter of the Resulting Issuer, (b) all positions and offices in the Resulting Issuer to be held by such person, (c) the principal occupation(s) during the preceding five years, (d) the period during which such person has served as a director or officer of Miza, SciSparc or SNI, and

(e) the number and percentage of Resulting Issuer Shares to be beneficially owned by such person, directly or indirectly, or over which control or direction will be exercised, as of the Closing Date.

Name and Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices with the Resulting Issuer	Number (and Percentage) of Resulting Issuer Shares Owned or Controlled[1]
Itschak Shrem, **Tel Aviv, Israel**	Appointed to serve as Scisparc's Chairman in September 2025, prior to which he served as Scisparc's President from January 2022 to September 2025 and as Chairman from August 2020 to January 2022.	Director	600,000 Resulting Issuer Shares (3.31%)[4]
Lior Vider[2], **Tel Aviv, Israel**	Served as a member of Scisparc's Board of Directors since August 2020. Mr. Vider has served as investment manager at Finessa Capital since November 2023.	Director	Nil
Alon Dayan[3], **Tel Aviv, Israel**	Served as a member of Scisparc's Board of Directors since January 2021 and served as Scisparc's external director under the Companies Law between January 2021 and January 2022.	Director	Nil
Ohad David[3], **Vancouver, British Columbia**	CEO of Starmet Ventures Inc. (January 2022 – Present) Owner of Ohad Diamonds Inc. (November 2009 – Present)	Director	Nil
Oz Adler, **Tel Aviv, Israel**	Appointed to serve as Scisparc's Chief Executive Officer in January 2022 and has served as Scisparc's Chief Financial Officer since April 2018. Mr. Adler currently serves on the board of directors of numerous private and public companies,	Chief Executive Officer	152,000 Resulting Issuer Shares(0.84%)
Gabriel Kabazo, **Vancouver, British Columbia**	CFO of Plantify Foods, Inc. (July 2022 – Present) CFO of Starmet Ventures Inc. (January 2022 – Present) CFO of Femto Technologies Inc. (May 2020 – Present) Sr. Strategy Manager at Telus Communications Inc. (July 2010 – June 2023)	Chief Financial Officer, Corporate Secretary	Nil
Adi Zuloff-Shani, **Tel Aviv, Israel**	CTO of SciSparc Ltd (Feb 2016-present) CEO of Clearmind Medicine Inc. (April 2021-Present). Since November 2022, as a member of the scientific advisory board of N2OFF Inc. (formerly, Save Foods Inc.) (Nasdaq: NITO) Since October 2021 and as a director of MitoCareX since May 2022. Since November 2021, Chairman, Orsus Therapeutics Limited	Chief Technologies Officer	Nil

Notes:
(1) On a non-diluted basis.
(2) Chair of the Audit Committee.
(3) Member of the Audit Committee.
(4) All Resulting Issuer Shares will be held by Yaad Consulting & Management Services (1995) Ltd., a corporation wholly-owned by Itschak Shrem.

For particulars of the occupations of the directors and officers see "*Information Concerning the Resulting Issuer – Resulting Issuer Officers, Directors and Promoters – Biographical Information*" below.

All directors of the Resulting Issuer will hold office until the next annual general meeting of the Resulting Issuer unless they resign prior thereto or are removed by the shareholders of the Resulting Issuer in accordance with applicable law.

The directors and officers of the Resulting Issuer as a group will own, directly or indirectly, or exercise control or direction over, 752,000 Resulting Issuer Shares immediately following completion of the Qualifying Transaction (representing 4.15% of all of the issued and outstanding Resulting Issuer Shares on a non-diluted basis).

Biographical Information

Itschak Shrem, Director (Chairman), Age 76

Mr. Shrem has more than 40 years of experience in financial markets and venture capital. In 1991, Mr. Shrem founded Dovrat Shrem Ltd., an investment banking, management and technology company. Prior to that, he spent 15 years at Clal Israel Ltd., where he served in various capacities, including chief operating officer, and was responsible for capital markets and insurance businesses. In 1993, Mr. Shrem founded Pitango Venture Capital Fund (formerly, Polaris) and served as a partner of Pitango Funds I, II and III. He has been the Managing Director of Yaad Consulting 1995 Ltd. since 1995. Previously, Mr. Shrem served on the board of Tel-Aviv Sourasky Medical Center, the Weizman Institute Eden Spring Ltd., Rail Vision Ltd., Nano Dimension Ltd., Ormat Industries Ltd., Retalix Ltd. and as chairman of Sphera Funds Management Ltd. Mr. Shrem holds a B.A. in Economics and Accounting from Bar-Ilan University and an M.B.A. from Tel-Aviv University. Mr. Shrem was appointed to serve as Scisparc's Chairman in September 2025, prior to which he served as Scisparc's President from January 2022 to September 2025 and as Chairman from August 2020 to January 2022.

Lior Vider, Director, Age 47

Mr. Vider has served as investment manager at Finessa Capital since November 2023. Mr. Vider previously served as chief investment manager for Impact Investment Management Ltd., from the Union Bank group, from 2007 to 2010 and as chairman of the board of directors and a member of the group's investment committee of Rahkia Capital Markets Ltd. from 2006 to 2007. Mr. Vider also served as a director at Endymed Medical Ltd. and Apollo Power Ltd. Mr. Vider founded and managed sponser.co.il, a financial portal specializing in services for investors from 2005 to 2017. Mr. Vider holds a B.A. in industry and management engineering from Shenkar College in Israel.

Alon Dayan, Director, Age 48

Mr. Dayan is the founder of L1-Systems Ltd. and has served as its chief executive officer since 2014 and was also the founder of Virtual Crypto Technologies Inc. (now Viewbix Inc.), a company he served as chief executive officer from 2018 to 2019. Mr. Dayan is currently director at Viewbix Inc. (Nasdaq:VBIX). Prior to that, he served as a business development manager at Elbit Systems Ltd. from 2006 to 2013. Mr. Dayan holds a B.A. in electronical engineering from Ariel University, Israel.

Ohad David, Director, Age 38

Mr. Ohad David is a businessperson with a successful history in fostering business relationships across various industries. Mr. David has an extensive experience in international trading, especially in importing and exporting precious commodities. Mr. David is the Chief Executive Officer and Director of Starmet Ventures Inc. (CSE:STAR). Starmet is an exploration company focuses on mineral resource properties in Canada and the US.

Oz Adler, Chief Executive Officer, Age 37

Mr. Adler was appointed to serve as Chief Executive Officer of SciSparc in January 2022 and has served as its Chief Financial Officer since April 2018 and previously held served as its VP Finance from March 2018 until April 2018 and as its Controller from September 2017 to March 2018. Mr. Adler has experience in a wide variety of managerial, financial, tax and accounting roles. Mr. Adler currently serves on the board of directors of numerous companies such as Polyrizon Ltd. (NASDAQ: PLRZ), Jeffs' Brands Ltd. (Nasdaq: JFBR), Rail Vision Ltd. (Nasdaq: RVSN) and Clearmind (Nasdaq: CMND), (FSE: CWY), and previously served as the chief financial officer of XYLO Technologies Ltd. (Nasdaq: XYLO) from December 2020 to April 2021. From 2012 until 2017, Mr. Adler was employed as a certified public accountant at Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global. Mr. Adler holds a B.A. in Accounting and Business management from The College of Management, Israel.

Gabriel Kabazo, Chief Financial Officer and Corporate Secretary, Age 52

Mr. Kabazo is an experienced finance and operations professional with over 25 years of experience supporting accounting, financing and IT operations in complex corporate settings. Since May 2020, Mr. Kabazo has served as CFO for Femto Technologies Inc. (OTCID: FMTOF). Since July 2022, Mr. Kabazo has served as CFO for Plantify Foods, Inc. (TSXV:PTFY). Since July 2025, he has served as CEO for Fort Technology Inc. (TSXV:FORT). Since January 2022, he has served as CFO for Starmet Ventures Inc. From 2002-2011 he served as CFO for m-Wise Inc. (OTCBB:MWIS). From 2000-2002 served as Controller for On Track Innovations Ltd. (OTCQX:OTIVF).

Mr. Kabazo received a B.A. in Accounting & Economics from Tel Aviv University in 1997 and earned his C.P.A. (Israel) designation in 1999. In 2006 he earned an MBA (Financing) from the University of British Columbia, Sauder School of Business.

Adi Zuloff-Shani, Chief Technologies Officer, Age 57

Dr. Zuloff-Shani has served as SciSparc's Chief Technologies Officer since February 2016. Dr. Zuloff-Shani has more than 20 years of experience as a research and development executive. Prior to joining us, and from 2012 to 2016, Dr. Zuloff-Shani served as a vice president development at Macrocure Ltd. (Nasdaq: MCUR) where besides leading all research and development activities, she interacted and was involved with the activities of all departments including clinical, operations, quality assurance, quality control, finance, and regulatory affairs. Dr. Zuloff-Shani currently serves as the Chief Executive Officer of Clearmind (Nasdaq: CMND), (FSE: CWY). She has been serving as the Chairman of Orsus Therapeutics, Ltd. since November 2022, as a member of the scientific advisory board of N2OFF, Inc. (previously known as Save Foods Inc.) (Nasdaq: NITO) since October 2021 and as a director of MitoCareX since May 2022. Dr. Zuloff-Shani holds a Ph.D. in human biology and immunology from Bar-Ilan University, Israel.

Promoter Consideration

SciSparc may be considered "**Promoters**" of the Resulting Issuer as that term is defined in the *Securities Act* (British Columbia).

As of the date of this Filing Statement, SciSparc does not beneficially owns, or control or direct, directly or indirectly, any securities in Miza. Upon completion of the Qualifying Transaction, it is expected that SciSparc will beneficially own, or control or direct, directly or indirectly, 63,300,000 Resulting Issuer Shares, representing 75.0% of the expected issued and outstanding Resulting Issuer Shares upon completion of the Qualifying Transaction, 48,000,000 Resulting Issuer CVRs and 4,000,000 Resulting Issuer Warrants. Upon closing of the Qualifying Transaction, it is expected that SciSparc will own 84.67% of the issued and outstanding Resulting Issuer Shares on a fully-diluted basis.

Cease Trade Orders or Bankruptcies

No proposed director, officer or Promoter of the Resulting Issuer, and no securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has, within the last ten years prior to date of this Filing Statement, (a) been a director, an officer or a Promoter of any person or company that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any exemptions under applicable securities law for a period of more than 30 consecutive days; or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Each of Oz Adler and Adi Zuloff-Shani were directors of SciSparc when it, on July 23, 2020, submitted a petition to the Tel Aviv Court pursuant to the Israeli Insolvency and Economic Rehabilitation Law to commence proceedings for the economic rehabilitation of SciSparc, stating that SciSparc was insolvent and unable to pay its debts to its existing creditors.

On August 11, 2020, a shareholder of SciSparc proposed to deposit $1.5 million with SciSparc's temporary trustee nominated by the Tel Aviv Court to cover and pay all of SciSparc's debts. This proposal was made subject to the replacement of SciSparc's board of directors. The Tel Aviv Court issued an order on August 14, 2020, approving the shareholders' proposal. In accordance with the terms of the order and $1.5 million deposit, the board of directors of SciSparc was replaced with Itschak Shrem, Amity Weiss, Moshe Revach, Lior Amit, Lior Vider and Liat Sidi. Following issuance of the order by the Tel Aviv Court, the petition and a related case that was filed by the shareholder with the Tel Aviv Court was withdrawn.

Penalties and Sanctions

No proposed director, officer, Promoter or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder making a decision about the Qualifying Transaction.

Personal Bankruptcies

In the ten years prior to the date hereof, none of the proposed directors, officers or Promoters of the Resulting Issuer or any securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Committees

Initially, the only committee of the proposed Resulting Issuer Board will be an audit committee (the "**Audit Committee**"). Upon completion of the Qualifying Transaction, the Audit Committee is expected to be composed of Lior Vider (Chair), Alon Dayan and Ohad David. Each Audit Committee member is "independent" within the meaning of NI 52-110. Each Audit Committee member is "financially literate", within the meaning of NI 52-110 and possesses education or experience that is relevant for the performance of their responsibilities as an Audit Committee member. See "*Information Concerning the Resulting Issuer – Resulting Issuer Officers, Directors and Promoters – Biographical Information*" above.

The mandate of the Audit Committee will be to assist the Resulting Issuer Board in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Resulting Issuer. The

Audit Committee will be responsible for: conducting reviews and discussions with management and the external auditors relating to the audit and financial reporting; assessing the integrity of internal controls and financial reporting procedures; ensuring implementation of internal controls and procedures; reviewing the quarterly and annual financial statements and management's discussion and analysis of the Resulting Issuer; selecting and monitoring the independence, performance and remuneration of the external auditors; oversight of all disclosure relating to financial information. The Audit Committee will also be responsible for reviewing and following the procedures established in the Resulting Issuer's codes, policies and guidelines as may be established from time to time.

Conflicts of Interest

Certain directors, officers and Promoters of the Resulting Issuer are associated with other reporting issuers or other corporations that may give rise to conflicts of interest. Please see "*Information Concerning the Resulting Issuer – Other Reporting Issuers*" below. In accordance with the BCBCA, directors or officers of the Resulting Issuer who have a material interest in a material transaction or a proposed material transaction with the Resulting Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the transaction. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer.

Some of the directors and officers of the Resulting Issuer have or will have either other employment or other business or time restrictions placed on them and, accordingly, these directors and officers of the Resulting Issuer will only be able to devote part of their time to the affairs of the Resulting Issuer.

Other Reporting Issuers

The following table sets out information for the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the five years prior to the date hereof, directors, officers or Promoters of other reporting issuers.

Name and Position	Name of Reporting Issuer	Name of Trading Market	Position	From	To
Itschak Shrem, Director	Scisparc Ltd.	Nasdaq-CM	Director	*2020*	Present
Lior Vider, Director	Scisparc Ltd.	Nasdaq-CM	Director	2020	Present
Alon Dayan, Director	Scisparc Ltd. Viewbix Inc.	Nasdaq-CM Nasdaq-CM	Director Director	2021	Present Present
Ohad David, Director	Starmet Ventures Inc.	CSE	CEO and Director	November 2022	Present
	Stardust Solar Energy Inc.	TSXV	Director	September 2024	Present
Oz Adler, CEO	Scisparc Ltd.	Nasdaq-CM	CEO	*2022*	Present
	Jeffs' Brands Ltd.	Nasdaq-CM	Director	2021	Present
	Rail Vision Ltd.	Nasdaq-CM	Director	2022	Present
	Clearmind Medicine Inc	Nasdaq-CM	Director	2021	Present
	Polyrizon Ltd.	Nasdaq-CM	Chairman	2021	Present
	Fort Technology Inc.	TSXV	Chairman	September 2025	Present
	IM Cannabis Corp.	Nasdaq-CM	Director	July 2025	Present

Gabriel Kabazo, CFO, Corporate Secretary	Solid Impact Investments Corp.	TSXV	CFO	January 2022	Present
	Plantify Foods, Inc.	TSXV	CFO, Corporate Secretary and Director	July 2022	Present
	Starmet Ventures Inc.	CSE	CFO	November 2022	Present
	Fort Technology Inc.	TSXV	CFO CEO	December 2021 July 2025	July 2025- Present
	Femto Technologies Inc.	OTCID	Director, CFO	March 2021	Present
	Taurus Gold Corp.	CSE	Director, CFO	July 2025	Present
	Cannibble Foodtech Ltd.	CSE	CFO	July 2025	Present
	Hydreight Technologies Inc.	TSXV	Director	November 2022	August 2025
Adi-Zuloff-Shani, CTO	Clearmind Medicine Inc.	Nasdaq-CM	CEO	April 2021	Present
	SciSparc Ltd.	Nasdaq-CM	CTO	February 2016	Present

Resulting Issuer Executive Compensation

For the purposes of this section, the Named Executive Officers are the proposed CEO of the Resulting Issuer, the CFO of the Resulting Issuer, any other executive officers expected to be paid at least $150,000 for the twelve month period following the Qualifying Transaction. Based on the above criteria, the Named Executive Officers for the Resulting Issuer will be Oz Adler (CEO), Gabriel Kabazo (CFO, Corporate Secretary) and Adi Zuloff-Shani (CTO) – such persons being the only proposed executive officers of the Resulting Issuer.

The following table sets out the anticipated compensation of the aforementioned persons and the directors of the Resulting Issuer for the 12 month period following the date hereof.

Name and position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)[1]	Total compensation ($)
Oz Adler, CEO	2025 2026	$80,000 $80,000	Nil Nil	Nil Nil	Nil Nil	Nil	$80,000 $80,000
Gabriel Kabazo, CFO, Corporate Secretary	2025 2026	$80,000 $80,000	Nil Nil	Nil Nil	Nil Nil	Nil	$80,000 $80,000
Itschak Shrem, Director	2025 2026	$75,000 $75,000	Nil Nil	Nil Nil	Nil Nil	Nil	$75,000 $75,000
Lior Vider, Director	2025 2026	$31,300 $31,300	Nil Nil	Nil Nil	Nil Nil	Nil	$31,300 $31,300
Alon Dayan, Director	2025 2026	$31,300 $31,300	Nil Nil	Nil Nil	Nil Nil	Nil	$31,300 $31,300
Ohad David, Director	2025 2026	$31,300 $31,300	Nil Nil	Nil Nil	Nil Nil	Nil	$31,300 $31,300

Compensation Discussion and Analysis

When determining compensation policies and individual compensation levels for the Resulting Issuer's executive officers, a variety of factors will be considered including: the overall financial and operating performance of the Resulting Issuer; each executive officer's individual performance and contribution towards meeting corporate objectives; each executive officer's level of responsibility and length of service; and industry comparables.

The Resulting Issuer's compensation philosophy for its executive officers will follow three underlying principles: to provide compensation packages that encourage and motivate performance; to be competitive with other companies in the industry in which it operates, which are of similar size and scope of operations, so as to attract and retain talented executives; and to align the interests of its executive officers with the long-term interests of the Resulting Issuer and its shareholders through stock related programs.

The Resulting Issuer's compensation arrangements for its directors and officers, may, in addition to salary, include compensation in the form of bonuses upon the achievement of certain milestones and the granting of stock options. Stock options previously granted are not included in perquisites as the exercise price is out of the money and therefore current value is nil. The compensation policy of the Resulting Issuer may be re-evaluated in the future to emphasize increased base salaries and/or cash bonuses with a reduced reliance on option awards, depending upon the future development of the Resulting Issuer and other factors which may be considered relevant by the Resulting Issuer Board, from time to time.

Pension Plan Benefits

The Resulting Issuer does not intend to implement any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Employment, Consulting and Management Agreements

Upon completion of the Qualifying Transaction, the Resulting Issuer anticipates entering into consulting agreements with each of Oz Adler, Chief Executive Officer of the Resulting Issuer, and Gabriel Kabazo, Chief Financial Officer and Corporate Secretary of the Resulting Issuer (together, the "**RI Executive Agreements**"). Pursuant to the RI Executive Agreements, the Resulting Issuer is anticipated to pay each of Mr. Adler and Mr. Kabazo $80,000 per year. The RI Executive Agreements will be for an initial term of 36 months, and will automatically renew for consecutive period of 12 months unless either party gives the other party 30 days written notice of non-renewal prior to the expiry.

Oversight and Description of Director and Named Executive Compensation

Executive compensation is intended to be consistent with the Resulting Issuer's business plans, strategies and goals while taking into account various factors and criteria, including competitive factors, cash resources and the Resulting Issuer's performance. The Resulting Issuer's executive compensation program is intended to provide an appropriate overall compensation package that permits the Resulting Issuer to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Resulting Issuer. The Resulting Issuer's compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results. Compensation for the NEOs is intended to reflect a fair evaluation of overall performance.

Compensation of executive officers of the Resulting Issuer is anticipated to consists of a base salary, along with annual incentive compensation in the form of a bonus and a longer-term incentive in the form of awards under the Miza Stock Option Plan and Equity Incentive Plan which is intended to be competitive in the aggregate while delivering an appropriate balance between annual compensation (base salary and cash bonuses) and long-term compensation (equity incentive securities).

When determining individual compensation levels for the Resulting Issuer's NEOs, a variety of factors are anticipated to be considered including: the overall financial and operating performance of the Resulting Issuer, each NEO's individual performance and contribution towards meeting corporate objectives and each NEO's level of responsibility and length of service.

The board of directors of the Resulting Issuer is anticipated to consider the following objectives when reviewing annual compensation: (i) retaining individuals critical to the growth and overall success of the Resulting Issuer; (ii) rewarding achievements of individuals; (iii) providing fair and competitive compensation; and (iv) compensating individuals based on their performance.

To this end, executive compensation has generally been set at levels commensurate with a company at an appropriate stage of corporate development with anticipated increases upon the completion of certain milestones.

As stated above, the Resulting Issuer is anticipated to adopted the Miza Stock Option Plan and Equity Incentive Plan to assist in attracting, retaining and motivating directors, officer, employees, consultants and contractors and to closely align the personal interests of such service providers with the interests of the Resulting Issuer and its shareholders.

Indebtedness of the Resulting Issuer's Directors and Officers

As of the completion of the Qualifying Transaction, no proposed director, executive officer or senior officer of the Resulting Issuer or any Associate thereof will be indebted to the Resulting Issuer or any of its subsidiaries, or has been at any time during the preceding financial year.

No director, executive officer or other senior officer of Miza or person who acted in such capacity in the last financial year of Miza or proposed director or officer of the Resulting Issuer, or any Associate of any such director or officer is, or has been, at any time since the incorporation of Miza, indebted to Miza nor is, or at any time since the incorporation of Miza has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Miza.

Investor Relations Arrangements

The Resulting Issuer has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer and no such arrangements are contemplated for the Resulting Issuer.

Options to Purchase Securities

Upon completion of the Qualifying Transaction, it is expected that all outstanding Miza Options will be become the Resulting Issuer Options, and will continue to be governed by the Miza Stock Option Plan. For more information concerning the Miza Stock Option Plan, see "*Information Concerning Miza – Stock Option Plan*".

The following is a description of the expected Resulting Issuer Options outstanding upon completion of the Qualifying Transaction, by category of option holder.

Category of Option Holder	Shares Under Option
All proposed officers of the Resulting Issuer as a group	Nil
All proposed directors of the Resulting Issuer as a group who are not also officers	Nil
All other employees and consultants of the Resulting Issuer as a group	Nil
Former officers and directors of Miza not already considered above	500,000

Equity Incentive Plan

Miza held an annual general and special meeting of Miza Shareholders on September 12, 2024, where the Miza Shareholders approved, among other things, the annual re-approval of the Miza Stock Option Plan and the adoption of the Equity Incentive Plan, all as further described in Miza's management information circular in respect of the Meeting dated August 9, 2024, a copy of which is available on Miza's SEDAR+ profile at www.sedarplus.ca. The Equity Incentive Plan will be adopted by the Resulting Issuer Board upon completion of the Qualifying Transaction and will be administered alongside the Miza Stock Option Plan. The Equity Incentive Plan remains subject to the final approval of the TSXV, and is subject to any modifications as may be required by the rules and policies thereof.

The purpose of the Equity Incentive Plan is to align the interests of those *bona fide* directors, officers, employees and consultants designated by the Resulting Issuer Board as being eligible to participate in the Equity Incentive Plan with those of the Resulting Issuer and its Shareholders and to assist in attracting, retaining and motivating key employees by making a portion of the incentive compensation of participating employees directly dependent upon the achievement of key strategic, financial and operational objectives that are critical to ongoing growth and increasing the long-term value of the Resulting Issuer. In particular, the Equity Incentive Plan is designed to promote the long-term success of the Resulting Issuer and the creation of Shareholder value by: (a) encouraging the attraction and retention of directors, officers, key employees and consultants of the Resulting Issuer and its subsidiaries; (b) encouraging such directors, officers, employees and consultants to focus on critical long-term objectives; and (c) promoting greater alignment of the interests of such directors, officers, employees and consultants with the interests of the Resulting Issuer.

The Equity Incentive Plan allows the Resulting Issuer to grant equity-based incentive awards in the form of restricted share units ("**RSUs**"), performance share units ("**PSUs**") and deferred share units ("**DSUs**"), as described in further detail below.

Equity Incentive Plan Summary

The following is a summary of the Equity Incentive Plan, which is qualified in its entirety by the full text of the Equity Incentive Plan, a copy of which is available on Miza's SEDAR+ profile at www.sedarplus.ca. In the case of conflict between this summary and the Equity Incentive Plan, the terms of the Equity Incentive Plan will govern. Capitalized terms used but not defined in the following section shall have the meaning ascribed to such term in the Equity Incentive Plan.

Shares Subject to the Equity Incentive Plan

The Equity Incentive Plan is a "fixed" plan in that, subject to the adjustment provisions provided for therein (including a subdivision or consolidation of Resulting Issuer Shares), it provides that the aggregate maximum number of Resulting Issuer Shares that may be reserved for issuance under the Equity Incentive Plan, at any time, shall not exceed 8,440,000 Resulting Issuer Shares (the "**Reserved Shares**") which reflects 10% of the Company's expected issued and outstanding Resulting Issuer Shares upon completion of the Qualifying Transaction. All awards of RSUs, PSUs and DSUs provided by the Company are issued pursuant to and governed by the Equity Incentive Plan. Awards that have been settled in cash, canceled, terminated, surrendered, forfeited, or expired without being exercised/settled, and pursuant to which no securities have been issued, will continue to be issuable under the Equity Incentive Plan.

Insider Participation Limit

The Equity Incentive Plan provides that the aggregate number of Resulting Issuer Shares (a) issuable to Insiders at any time (under all of the Resulting Issuer's security-based compensation arrangements) cannot exceed ten percent of the Resulting Issuer's issued and outstanding Resulting Issuer Shares, and (b) issued to Insiders within any one-year period (under all of the Company's security-based compensation

arrangements) cannot exceed ten percent of the Company's issued and outstanding Resulting Issuer Shares.

Furthermore, the Equity Incentive Plan provides that for so long as the Resulting Issuer Shares are listed and posted for trading on the TSXV, (a) not more than two percent of the Resulting Issuer's issued and outstanding Resulting Issuer Shares as of the date of grant may be granted to any one consultant in any 12 month period, and (b) unless the Resulting Issuer has obtained disinterested Shareholder approval, not more than five percent of the Resulting Issuer's issued and outstanding Resulting Issuer Shares as of the date of grant may be issued to any one Person in any 12 month period.

Except for so long as the Resulting Issuer Shares are listed and posted for trading on the TSXV, any Resulting Issuer Shares issued by the Resulting Issuer through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall be subject to the limits on grant as prescribed by the Equity Incentive Plan.

Administration of the Equity Incentive Plan

The Plan Administrator is determined by the Resulting Issuer Board. The administration of the Equity Incentive Plan may in the future be delegated to a committee of the Resulting Issuer Board. The Plan Administrator determines which directors, officers, consultants and employees are eligible to receive awards under the Equity Incentive Plan, the time or times at which awards may be granted, the conditions under which awards may be granted or forfeited to the Resulting Issuer, the number of Resulting Issuer Shares to be covered by any award, the exercise price of any award, whether restrictions or limitations are to be imposed on the Resulting Issuer Shares issuable pursuant to grants of any award, and the nature of any such restrictions or limitations, any acceleration of exercisability or vesting, or waiver of termination regarding any award, based on such factors as the Plan Administrator may determine.

In addition, the Plan Administrator interprets the Equity Incentive Plan and may adopt administrative rules, regulations, procedures and guidelines governing the Equity Incentive Plan or any awards granted under the Equity Incentive Plan as it deems appropriate.

Eligibility

All *bona fide* directors, officers, consultants and employees are eligible to participate in the Equity Incentive Plan. The extent to which any such individual is entitled to receive a grant of an award pursuant to the Equity Incentive Plan will be determined in the discretion of the Plan Administrator. Consultants providing investor relations services are not eligible for awards under the Equity Incentive Plan.

Types of Awards

Awards of RSUs, PSUs and DSUs may be made under the Equity Incentive Plan. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Plan Administrator, in its sole discretion, subject to such limitations provided in the Equity Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations provided in the Equity Incentive Plan and in accordance with applicable law, the Plan Administrator may accelerate or defer the vesting or payment of awards, cancel or modify outstanding awards, and waive any condition imposed with respect to awards or Resulting Issuer Shares issued pursuant to awards.

Restricted Share Units

A RSU is a unit equivalent in value to a Resulting Issuer Share credited by means of a bookkeeping entry in the books of the Resulting Issuer which entitles the holder to receive one Resulting Issuer Share (or the value thereof) for each RSU after a specified vesting period. The Plan Administrator may, from time to time, subject to the provisions of the Equity Incentive Plan and such other terms and conditions as the Plan

Administrator may prescribe, grant RSUs to any participant in respect of services rendered by the applicable participant in a taxation year (the "**RSU Service Year**").

The number of RSUs (including fractional RSUs) granted at any particular time under the Equity Incentive Plan will be calculated by dividing (a) the amount of any bonus or similar payment that is to be paid in RSUs (including the elected amount, as applicable), as determined by the Plan Administrator, by (b) the greater of (i) the Market Price of a Resulting Issuer Share on the date of grant; (ii) such amount as determined by the Plan Administrator in its sole discretion; or (iii) for so long as the Resulting Issuer Shares are listed and posted for trading on the TSXV, the Discounted Market Price of a Resulting Issuer Share on the date of grant. The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of RSUs; however, no RSU can vest before one (1) year anniversary of any grant thereof.

Upon settlement, holders will receive (a) one fully paid and non-assessable Resulting Issuer Share in respect of each vested RSU, (b) a cash payment or (c) a combination of Resulting Issuer Shares and cash, in each case as determined by the Plan Administrator. Any such cash payments made by the Resulting Issuer shall be calculated by multiplying the number of RSUs to be redeemed for cash by the greater of: (i) the Market Price per Resulting Issuer Share; and (ii) for so long as the Resulting Issuer Shares are listed and posted for trading on the TSXV, the Discounted Market Price, in each case as at the settlement date. Subject to the provisions of the Equity Incentive Plan and except as otherwise provided in an award agreement, no settlement date for any RSU shall occur, and no Resulting Issuer Share shall be issued or cash payment shall be made in respect of any RSU any later than the final Business Day of the third calendar year following the applicable RSU Service Year.

Performance Share Units

A PSU is a unit equivalent in value to a Resulting Issuer Share credited by means of a bookkeeping entry in the books of the Resulting Issuer which entitles the holder to receive one Resulting Issuer Share (or the value thereof) for each PSU after specific performance-based vesting criteria determined by the Plan Administrator, in its sole discretion, have been satisfied. The performance goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the termination of a participant's employment and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU, all as set forth in the applicable award agreement. The Plan Administrator may, from time to time, subject to the provisions of the Equity Incentive Plan and such other terms and conditions as the Plan Administrator may prescribe, grant PSUs to any participant in respect of a bonus or similar payment in respect of services rendered by the applicable participant in a taxation year (the "**PSU Service Year**").

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of PSUs; however, no PSU may vest before the one (1) year anniversary of any grant thereof. Upon settlement, holders will receive (a) one fully paid and non-assessable Resulting Issuer Share issued from the treasury in respect of each vested PSU, (b) a cash payment, or (c) a combination of Resulting Issuer Shares and cash, in each case as determined by the Plan Administrator. Any such cash payments made by the Resulting Issuer to a participant shall be calculated by multiplying the number of PSUs to be redeemed for cash by the greater of: (i) the Market Price per Resulting Issuer Share; and (ii) for so long as the Resulting Issuer Shares are listed and posted for trading on the TSXV, the Discounted Market Price, in each case as at the settlement date. Subject to the provisions of the Equity Incentive Plan and except as otherwise provided in an award agreement, no settlement date for any PSU shall occur, and no Resulting Issuer Share shall be issued or cash payment shall be made in respect of any PSU any later than the final Business Day of the third calendar year following the applicable PSU Service Year.

Deferred Share Units

A DSU is a unit equivalent in value to a Resulting Issuer Share credited by means of a bookkeeping entry in the books of the Resulting Issuer which entitles the holder to receive one Resulting Issuer Share (or, at the election of the holder and subject to the approval of the Plan Administrator, the cash value thereof) for each DSU on a future date. The Board may fix from time to time a portion of the total compensation paid

by the Resulting Issuer to a eligible person in a calendar year for service that are to be payable in the form of DSUs. In addition, subject to the prior approval of the Plan Administrator, certain persons designated by the Plan Administrator are given, subject to the provisions of the Equity Incentive Plan, the right to elect to receive a portion of his or her compensation owing to them in the form of DSUs.

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of DSUs; however, no DSU can vest before the one (1) year anniversary of any grant thereof. The number of DSUs (including fractional DSUs) granted at any particular time will be calculated by dividing (a) the amount of any compensation that is to be paid by the issuance of DSUs that are paid in DSUs, by (b) the greater of: (i) the Market Price of a Resulting Issuer Share on the date of grant; and (ii) for so long as the Resulting Issuer Shares are listed and posted for trading on the TSXV, the Discounted Market Price of a Resulting Issuer Share on the date of grant. Upon settlement, holders will receive (a) one fully paid and non-assessable Resulting Issuer Share issued from treasury in respect of each vested DSU, (b) a cash payment, or (c) a combination of Resulting Issuer Shares and cash, in each case as determined by the Plan Administrator in its sole discretion. Any cash payments made under the Equity Incentive Plan by the Resulting Issuer to a participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the greater of: (i) the Market Price per Resulting Issuer Share; and (ii) for so long as the Resulting Issuer Shares are listed and posted for trading on the TSXV, the Discounted Market Price, in each case as at the settlement date.

Dividend Equivalents

Unless otherwise determined by the Plan Administrator, awards of RSUs, PSUs and DSUs shall be credited with dividend equivalents in the form of additional RSUs, PSUs and DSUs, as applicable. Dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Resulting Issuer Share by the number of RSUs, PSUs and DSUs, as applicable, held by the participant on the record date for the payment of such dividend, by (b) the Market Price at the close of the first Business Day immediately following the dividend record date, with fractions computed to three decimal places.

For avoidance of doubt, all additional RSUs, PSUs, and DSUs credited as dividend equivalents pursuant to the Equity Incentive Plan shall be subject to the limits on grant prescribed in the Equity Incentive Plan. In the event the issuance of additional RSUs, PSUs, and DSUs credited as dividend equivalents pursuant to the Equity Incentive Plan shall otherwise result in a breach of the terms of the Equity Incentive Plan, the Plan Administrator shall be entitled to make a binding determination with respect to the settlement of such dividend equivalents whether by payment of cash or in any other manner as the Plan Administrator may determine, in its sole and binding discretion.

Black-out Periods

If an award expires during a routine or special trading Blackout Period, then, notwithstanding any other provision of the Equity Incentive Plan, unless the delayed expiration would result in negative tax consequences to the holder of the award, the award shall expire five Business Days after the Blackout Period is lifted by the Resulting Issuer; and provided that, (i) the Blackout Period must be deemed to have expired upon the general disclosure of the undisclosed Material Information, and (ii) the automatic extension of an award will not be permitted where the participant or the Resulting Issuer is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Resulting Issuer's securities.

Term

While the Equity Incentive Plan does not stipulate a specific term for awards granted thereunder, other than the options, which are subject to a maximum term of 10 years from the date of grant, subject to certain adjustments, as discussed below, Shareholder approval is required to permit an option award to be exercisable beyond 10 years from its date of grant, except where an expiry date would have fallen within a Blackout Period of the Resulting Issuer. All awards must vest and settle in accordance with the provisions

of the Equity Incentive Plan and any applicable award agreement, which award agreement may include an expiry date for a specific award.

Termination of Employment or Services

The following table describes the impact of certain events upon the participants under the Equity Incentive Plan, including termination for cause, resignation, termination without cause, disability, death or retirement, subject, in each case, to the terms of a participant's applicable employment agreement, consulting agreement, award agreement or other written agreement and subject to applicable employment standards legislation or regulations applicable to the participant's employment or other engagement with the Resulting Issuer or any of its subsidiaries:

Event	Provisions
Termination for Cause	• Any unvested awards held that have not been exercised, settled or surrendered as of the Termination Date shall be immediately forfeited and cancelled for no consideration and the participant shall not be entitled to any damages or other amounts in respect of such cancelled awards. • Any vested awards may, subject to the terms of the Equity Incentive Plan be exercised, settled or surrendered to the Resulting Issuer by the participant at any time during the period that terminates on the date that is 90 days after the Termination Date, with any award that has not been exercised, settled or surrendered at the end of such period shall be immediately forfeited and cancelled for no consideration and the participant shall not be entitled to any damages or other amounts in respect of such cancelled awards.
Resignation	
Termination without Cause	
Disability	• Any award held by the participant that has not vested as of the date of the Disability of such participant shall vest on such date and may, subject to the terms of the Equity Incentive Plan, be exercised, settled or surrendered to the Resulting Issuer by the participant at any time until the expiration date of such award, provided that with respect to any PSUs held by such participant, the attainment of performance goals shall be assessed on the basis of actual achievement of the performance goals up to the Termination Date, if the applicable performance period has been completed and the Resulting Issuer can determine if the performance goals have been attained, failing which the Resulting Issuer will assume Target Performance. • Any award that has not been exercised, settled or surrendered at the end of such period shall be immediately forfeited and cancelled for no consideration and the participant shall not be entitled to any damages or other amounts in respect of such cancelled awards.
Death	• Any award held by the participant that has not vested as of the date of the death of such participant shall vest on such date and may, subject to the terms of the Equity Incentive Plan, be exercised, settled or surrendered to the Resulting Issuer by the participant at any time during the period that terminates on the first anniversary of the date of such participant became disabled, provided that with respect to any PSUs held by such participant, the attainment of performance goals shall be assessed on the basis of actual achievement of the performance goals up to the date of death of such participant, if the applicable performance period has been completed and the Resulting Issuer can determine if the performance goals have been attained, failing which the Resulting Issuer will assume Target Performance. • Any award that has not been exercised, settled or surrendered at the end of such period shall be immediately forfeited and cancelled and the participant shall not be entitled to any damages or other amounts in respect of such cancelled awards.

Event	Provisions
Retirement	• Any award held by the participant that has not vested as of the date of Retirement shall continue to vest for a period of 12 months following the date of such Retirement in accordance with its terms and, if any such awards vest, shall be exercised, settled or surrendered by the Resulting Issuer to the participant provided that (a) with respect to any PSUs held by such participant, the attainment of performance goals shall be assessed on the basis of actual achievement of the performance goals up to the Termination Date, if the applicable performance period has been completed and the Resulting Issuer can determine if the performance goals have been attained, failing which the Resulting Issuer will assume Target Performance, and (b) for so long as the Resulting Issuer Shares are listed and posted for trading on the TSXV, any such award shall expire within a reasonable period, not exceeding 12 months from the Termination Date, following which the participant shall not be entitled to any damages or other amounts in respect of such expired awards. • Notwithstanding the foregoing, if, following his or her Retirement, the participant breaches the terms of any restrictive covenant in the participant's written or other applicable employment or other agreement with the Resulting Issuer or a subsidiary of the Resulting Issuer, any award held by the participant that has not been exercised, surrendered or settled shall be immediately forfeited and cancelled for no consideration and the participant shall not be entitled to any damages or other amounts in respect of such cancelled awards.

The Plan Administrator may, in its discretion, at any time prior to, or following the events listed above, or in an employment agreement, consulting agreement, award agreement or other written agreement between the Resulting Issuer or a subsidiary of the Resulting Issuer and a individual receiving an award under the Equity Incentive Plan, permit the acceleration or vesting of any or all awards or waive termination of any or all awards, all in the manner and on the terms as may be authorized by the Plan Administrator; provided that, for so long as the Resulting Issuer Shares are listed and posted for trading on the TSXV, (a) no acceleration of the vesting of options granted to investor relations service providers is permitted without prior TSXV acceptance; (b) no awards (other than options) may vest before the date that is one year following the date it is granted or issued, other than as may be permitted or not prohibited pursuant to TSXV policies; and (c) the Plan Administrator may only permit the acceleration of vesting awards in compliance with the TSXV Policy 4.4 – *Security Based Compensation*.

Awards that has been settled in cash, canceled, terminated, surrendered, forfeited, or expired without being exercised/settled, and pursuant to which no securities have been issued, will continue to be issuable under the Equity Incentive Plan.

Change in Control

Subject to certain rules and restrictions of the TSXV, under the Equity Incentive Plan, except as may be set forth in an employment agreement, consulting agreement, award agreement or other written agreement between the Resulting Issuer or a subsidiary of the Resulting Issuer and a participant:

- If within 12 months following the completion of a transaction resulting in a Change in Control, a participant's employment, consultancy or directorship is terminated without Cause or the participant resigns with Good Reason:
    - a portion of any unvested awards shall immediately vest, such portion to be equal to the number of unvested awards held by the participant as of the Termination Date multiplied by a fraction, the numerator of which is the number of days between the date of grant and the Termination Date and the denominator of which is the number of days between the date of grant and the date any unvested awards were originally scheduled to vest, which vested awards may be

exercised, settled or surrendered to the Resulting Issuer by such participant at any time during the period that terminates on the date that is 90 days after the Termination Date, provided that with respect to any PSU held by such participant, the attainment of performance goals shall be assessed on the basis of actual achievement of the performance goals up to the Termination Date, if the applicable performance period has been completed and the Resulting Issuer can determine if the performance goals have been attained, failing which the Resulting Issuer will assume Target Performance, with any award that has not been exercised, settled or surrendered at the end of such period shall be immediately forfeited and cancelled for no consideration and the participant shall not be entitled to any damages or other amounts in respect of such cancelled awards; and

- any vested awards may, subject to the terms of the Equity Incentive Plan, be exercised, settled or surrendered to the Resulting Issuer by the participant at any time during the period that terminates on the date that is 90 days after the Termination Date, with any award that has not been exercised, settled or surrendered at the end of such period shall be immediately forfeited and cancelled for no consideration and the participant shall not be entitled to any damages or other amounts in respect of such cancelled awards.

- Unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Resulting Issuer Shares will cease trading on the TSXV or any other exchange, the Resulting Issuer may terminate all of the awards granted under the Equity Incentive Plan at the time of, and subject to the completion of, the Change in Control transaction by paying to each holder an amount equal to the fair market value of his or her respective award (as determined by the Plan Administrator, acting reasonably) at or within a reasonable period of time following completion of such Change in Control transaction.

Non-Transferability of Awards

Except as permitted by the Plan Administrator, and to the extent that certain rights may pass to a beneficiary or legal representative upon the death of a participant by will or as required by law, no assignment or transfer of awards granted under the Equity Incentive Plan, whether voluntary, involuntary, by operation of law or otherwise, is permitted.

Amendments to the Equity Incentive Plan

The Plan Administrator may also from time to time, subject to the approval of the TSXV and/or holders of voting shares if so required in accordance with the policies of the TSXV and/or applicable laws, amend, modify, change, suspend or terminate the Equity Incentive Plan or any awards granted pursuant thereto as it, in its discretion, determines appropriate, provided that no such amendment, modification, change, suspension or termination of the Equity Incentive Plan or any award granted pursuant thereto may materially impair any rights of a participant or materially increase any obligations of a participant under the Equity Incentive Plan without the consent of such participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements.

Notwithstanding the above, and subject to the rules of the TSXV, the approval of Shareholders or disinterested Shareholders, as applicable, is required to effect any of the following amendments to the Equity Incentive Plan:

(a) increasing the percentage of the Resulting Issuer's issued and outstanding Resulting Issuer Shares reserved for issuance under the Equity Incentive Plan, except pursuant to the provisions in the Equity Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Resulting Issuer or its capital;

(b) increasing or removing the 10% limits on Resulting Issuer Shares issuable or issued to Insiders;

(c) increasing or removing the limits on the participation of non-employee directors;

(d) changing the eligible participants;

(e) pertaining to a matter expressly subject to approval of the Shareholders pursuant to the applicable rules of the TSXV; and

(f) deleting or otherwise limiting the amendments which require approval of the Shareholders.

Except for the items listed above, amendments to the Equity Incentive Plan will not require Shareholder approval. Such amendments include (but are not limited to): (a) amending the general vesting provisions of an award, (b) adding covenants of the Resulting Issuer for the protection of the participants, (c) amendments that are desirable as a result of changes in law in any jurisdiction where a participant resides, and (d) curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

Escrowed Securities

TSXV Escrow

The following table summarizes the securities of the Resulting Issuer expected to be under escrow following the completion of the Qualifying Transaction in accordance Policy 5.4. The table below lists the securities to be held by directors, officers, and Promoters of the Resulting Issuer that are subject to escrow pursuant to Policy 5.4 ("**TSXV Escrow**") prior to and upon closing of the Qualifying Transaction

Name and Municipality of Residence	Designation of Class	Prior to Giving Effect to the Qualifying Transaction		After Giving Effect to the Qualifying Transaction	
		Number of Securities Held in Escrow[(1)]	Percentage of Class	Number of Securities Held in Escrow	Percentage of Class[(2)]
SciSparc Ltd. Tel Aviv, Israel	Resulting Issuer Shares	Nil	Nil	63,300,000	75.0%
	Resulting Issuer Warrants	Nil	Nil	4,000,000	100.0%
	Resulting Issuer CVRs	Nil	Nil	48,000,000	100.0%
Itschak Shrem Tel Aviv, Israel	Resulting Issuer Shares	Nil	Nil	600,000	0.71%
Oz Adler Tel Aviv, Israel	Resulting Issuer Shares	Nil	Nil	152,000	0.18%
Total Resulting Issuer Shares subject to TSXV Escrow				63,300,000	75.89%
Total Resulting Issuer Warrants subject to TSXV Escrow				4,000,000	100.0%
Total Resulting Issuer CVRs subject to TSXV Escrow				48,000,000	100.0%

Notes:
(1) On a non-diluted basis.
(2) After giving effect to the Qualifying Transaction, the Resulting Issuer will have 84,400,000 Resulting Issuer Shares on a non-diluted basis.

Securities summarized in the above table held by certain Principals of the Resulting Issuer will be escrowed in accordance with a TSXV Escrow Agreement with an escrow release schedule as follows:

Percentage of Shares Released from Escrow	Shares Release Date
10%	Date of Final Exchange Bulletin
15%	6 months from Final Exchange Bulletin
15%	12 months from Final Exchange Bulletin
15%	18 months from Final Exchange Bulletin
15%	24 months from the Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
15%	36 months from Final Exchange Bulletin

Auditors, Transfer Agent and Registrar

Upon completion of the Qualifying Transaction, the transfer agent and registrar for the Resulting Issuer Shares will be Endeavor Trust Corporation at its offices located in Vancouver, British Columbia and the auditor of the Resulting Issuer is expected to be Brightman Almagor Zohar & Co., a firm in the Deloitte Global Network, at its office located at 1 Azrieli Center, Tel Aviv, Israel, 6701101.

Risk Factors

The following risk factors are not a definitive list of all risk factors associated with the Qualifying Transaction. Additional risks and uncertainties, including those currently unknown or considered immaterial by Miza and SciSparc, may also adversely affect the Resulting Issuer Shares and/or the business of the Resulting Issuer following completion of the Qualifying Transaction.

Forward-Looking Information May Prove Inaccurate

Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Readers should carefully consider the risk factors set out in this Filing Statement and consider all other information contained herein before making a decision with respect to the Amalgamation. If any of the risks described above materialize, the business, financial condition or results of operations of the Parties could be materially and adversely affected. Additional risks and uncertainties not currently known to or currently seen as immaterial by management of SciSparc may also materially and adversely affect the business, financial condition or results of operations of the Parties.

Risks Related to the Target Assets

SciSparc is a specialty clinical-stage pharmaceutical company and has incurred significant losses since the date of SciSparc's inception with respect to the development of the Target Assets. It is anticipated that the Resulting Issuer will continue to incur significant losses until the Resulting Issuer is able to successfully commercialize its product candidates.

The amount of future net losses of the Resulting Issuer will depend, in part, on completing the development of its product candidates, the demand for its product candidates, the rate of its future expenditures and its ability to obtain funding through the issuance of its securities, strategic collaborations or grants. Pharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. The Resulting Issuer will receive product candidates which are in the late stages of pre-clinical and

at the early stages of clinical development, and have not yet commenced pivotal clinical studies for any product candidate. Even if the Resulting Issuer obtains regulatory approval to market a product candidate, its future revenue will depend upon the size of the markets for which its product candidates may receive approval and its ability to achieve sufficient market acceptance, pricing, reimbursement from third-party payors and adequate market share for its product candidates in those markets.

The Resulting Issuer expects to continue to incur significant losses until it is able to commercialize the product candidates, which it may not be successful in achieving.

The Resulting Issuer is anticipated to devote substantially all of its financial resources to develop its product candidates. Pharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. The Resulting Issuer is anticipated to be in the late stages of pre-clinical and at the early stages of clinical development for its product candidates and the Resulting Issuer will not yet have commenced pivotal clinical studies for any product candidate. Although the Resulting Issuer is anticipated to have begun early commercialization efforts for its proprietary PEA oral tablets formulation, CannAmide™, which the Resulting Issuer expects will be marketed to pharmacies and other retail outlets across Canada following the entering into of a distribution agreement(s), it may be several years, if ever, before the Resulting Issuer completes pivotal clinical studies and has its lead product candidate approved for commercialization. Even if the Resulting Issuer obtains regulatory approval to market a product candidate, the Resulting Issuer's future revenue will depend upon the size of the markets for which such product candidates may receive approval and the Resulting Issuer's ability to achieve sufficient market acceptance, pricing, reimbursement from third-party payors and adequate market share for its product candidates in those markets.

The Resulting Issuer expects to continue to incur significant losses until the Resulting Issuer is able to commercialize its main pharmaceutical product candidates, which the Resulting Issuer may not be successful in achieving. The Resulting Issuer anticipates, though there is no guarantee, that its expenses will increase substantially if and as the Resulting Issuer:

- continues the research and development of its product candidates;
- expands the scope of its current clinical studies for its product candidates;
- seeks regulatory and marketing approvals for its product candidates that successfully complete clinical studies;
- establishes a sales, marketing and distribution infrastructure to commercialize its product candidates;
- seeks to identify, assess, acquire, license, and/or develop other product candidates and subsequent generations of its current product candidates;
- seeks to maintain, protect, and expand its intellectual property portfolio;
- seeks to attract and retain skilled personnel; and
- creates additional infrastructure to support its operations as a public company and its product candidate development and planned future commercialization efforts.

SciSparc has not generated any revenue from the sale of its pharmaceutical product candidates, and the Resulting Issuer may never be profitable.

SciSparc has yet to commercialize any of its pharmaceutical product candidates and has not generated any revenue from sales of its pharmaceutical product candidates. Although the Resulting Issuer is anticipated to begin early commercialization efforts for its proprietary PEA oral tablets formulation,

CannAmide™, the Resulting Issuer is not anticipated to expect the sale of CannAmide to result in material revenues immediately after commercialization efforts begin. The Resulting Issuer will not be anticipated to know whether or when the Resulting Issuer will become profitable. The Resulting Issuer's ability to generate revenue and achieve profitability depends on the Resulting Issuer's ability to successfully complete the development of, and to commercialize, its pharmaceutical product candidates and on the demand for its pharmaceutical product candidates. The Resulting Issuer's ability to generate revenue and achieve profitability depends on the Resulting Issuer's ability, alone or with strategic collaboration partners, to successfully complete the development of, and obtain the regulatory and marketing approvals necessary to commercialize, one or more of its pharmaceutical product candidates. The Resulting Issuer's ability to generate future revenue from pharmaceutical product candidate sales depends heavily on our success in many areas, including but not limited to:

- completing research and pre-clinical and clinical development of the Resulting Issuer's pharmaceutical product candidates;

- obtaining regulatory and marketing approvals for pharmaceutical product candidates for which the Resulting Issuer completes clinical studies;

- establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate (in amount and quality) pharmaceutical products to support market demand for the Resulting Issuer's pharmaceutical product candidates, if approved;

- launching and commercializing pharmaceutical product candidates if and when the Resulting Issuer obtains regulatory and marketing approval, either directly or with a collaborator or distributor;

- addressing any competing pharmaceutical or biotechnological and market developments;

- identifying, assessing, acquiring and/or developing new pharmaceutical product candidates;

- negotiating favorable terms in any collaboration, licensing or other arrangements into which the Resulting Issuer may enter;

- maintaining, protecting and expanding the Resulting Issuer's portfolio of intellectual property rights, including patents, trade secrets and know-how; and

- attracting, hiring and retaining qualified personnel.

Even if one or more of the pharmaceutical product candidates that the Resulting Issuer develops is approved for commercial sale, the Resulting Issuer anticipates incurring significant costs associated with commercializing any approved pharmaceutical product candidate. The Resulting Issuer's expenses could increase beyond expectations if it is required by the FDA, the European Medicines Agency (the "**EMA**") or other regulatory agencies, domestic or foreign, to perform clinical, nonclinical or other types of studies in addition to those that the Resulting Issuer currently anticipates. In cases where the Resulting Issuer is successful in obtaining regulatory approvals to market one or more of its pharmaceutical product candidates, the Resulting Issuer's revenue will be dependent, in part, upon the size of the markets in the territories for which the Resulting Issuer gains regulatory approval, the accepted price for the pharmaceutical product candidate, the ability to get reimbursement at an acceptable price and whether the Resulting Issuer owns the commercial rights for that territory. If the number of the Resulting Issuer's addressable patients is not as significant as the Resulting Issuer estimates, the indication approved by regulatory authorities is narrower than the Resulting Issuer expects, or the reasonably expected population for treatment is narrowed by competition, physician choice or treatment guidelines, the Resulting Issuer may not generate significant revenue from sales of such pharmaceutical product candidates, even if approved. Additionally, if the Resulting Issuer is not able to generate revenue from the sale of any approved pharmaceutical product candidates, the Resulting Issuer may be forced to cease operations.

The Resulting Issuer is anticipated to need to raise substantial additional funding before it can expect to become profitable from sales of its pharmaceutical product candidates. This additional financing may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force the Resulting Issuer to delay, limit or terminate its pharmaceutical product candidate development efforts or other operations.

The Resulting Issuer expects that it will require substantial additional capital to commercialize its pharmaceutical product candidates. In addition, the Resulting Issuer's operating plans may change as a result of many factors that may be unknown to the Resulting Issuer, and the Resulting Issuer may need to seek additional funds sooner than planned. The Resulting Issuer's future funding requirements will depend on many factors, including but not limited to:

- the scope, rate of progress, results and cost of pharmaceutical product development, clinical studies, pre-clinical testing, and other related activities;
- the cost, timing and outcomes of regulatory approvals;
- the cost and timing of establishing sales, marketing, and distribution capabilities; and
- the terms and timing of any collaborative, licensing, and other arrangements that the Resulting Issuer may establish.

Any additional fundraising efforts may divert the Resulting Issuer's management from their day-to-day activities, which may adversely affect the Resulting Issuer's ability to develop and commercialize its pharmaceutical product candidates. In addition, the Resulting Issuer will not be able to guarantee that future financing will be available in sufficient amounts or on terms acceptable to the Resulting Issuer, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of holders of the Resulting Issuer's securities and the issuance of additional securities, whether equity or debt, by the Resulting Issuer, or the possibility of such issuance, may cause the market price of the Resulting Issuer Shares to decline. The incurrence of indebtedness could result in increased fixed payment obligations, and the Resulting Issuer may be required to agree to certain restrictive covenants, such as limitations on the Resulting Issuer's ability to incur additional debt, limitations on its ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact the Resulting Issuer's ability to conduct business. The Resulting Issuer could also be required to seek funds through arrangements with collaborative partners or otherwise at an earlier stage than otherwise would be desirable, and the Resulting Issuer may be required to relinquish rights to some of its technologies or pharmaceutical product candidates or otherwise agree to terms unfavorable to the Resulting Issuer, any of which may have a material adverse effect on the Resulting Issuer's business, operating results and prospects. Even if the Resulting Issuer is expected to believe that it has sufficient funds for its current or future operating plans, the Resulting Issuer may seek additional capital if market conditions are favorable or upon specific strategic considerations.

If the Resulting Issuer is unable to obtain funding on a timely basis, the Resulting Issuer may be required to significantly curtail, delay or discontinue one or more of its research or development programs or the commercialization of any pharmaceutical product candidates or be unable to expand its operations or otherwise capitalize on its business opportunities, as desired, which could materially affect the Resulting Issuer's business, financial condition and results of operations.

Risks Related to the Discovery and Development of the Resulting Issuer's Pharmaceutical Product Candidates

The Resulting Issuer will be heavily dependent on the success of its pharmaceutical product candidates, which are in the late stages of pre-clinical development or early stages of clinical development. The

Resulting Issuer will be unable to provide any assurance that any of its pharmaceutical product candidates will receive regulatory approval, which is necessary before they can be commercialized.

The Resulting Issuer will have invested substantially all of its efforts and financial resources to design and develop its pharmaceutical product candidates, including conducting pre-clinical studies and providing general and administrative support for these operations. The Resulting Issuer's future success is dependent on its ability to successfully develop, obtain regulatory approval for, and then successfully commercialize one or more pharmaceutical product candidates. The Resulting Issuer is not expected to generate any revenue from sales of any pharmaceutical product candidate in the short term, and the Resulting Issuer may never be able to develop or commercialize a marketable pharmaceutical product candidate.

Each of the Resulting Issuer's pharmaceutical product candidates will be in the late stages of pre-clinical development or early stages of development and will require additional clinical development (and in some cases additional pre-clinical development), management of nonclinical, clinical and manufacturing activities, regulatory approval, obtaining adequate manufacturing supply, building of a commercial organization and significant marketing efforts before the Resulting Issuer is able to generate any revenue from pharmaceutical product candidate sales. It may be years before a pivotal study is initiated, if at all. Any clinical trials in the United States will require the approval of an Investigational New Drug ("**IND**") application by the FDA, and there can be no assurance that the Resulting Issuer will obtain such approval in a timely manner, or at all. The Resulting Issuer will not be permitted to market or promote any of its pharmaceutical product candidates before it receives regulatory approval from the FDA or comparable foreign regulatory authorities, and the Resulting Issuer may never receive such regulatory approval for any of its pharmaceutical product candidates.

The Resulting Issuer, as a company, will not have submitted marketing applications to the FDA or comparable foreign regulatory authorities at the Closing Time. The Resulting Issuer will not be certain that any of its pharmaceutical product candidates will be successful in clinical studies or receive regulatory approval or what regulatory pathway the regulatory authorities shall designate for the Resulting Issuer's pharmaceutical product candidates. Further, the Resulting Issuer's pharmaceutical product candidates may not receive regulatory approval even if they are successful in clinical studies. If the Resulting Issuer does not receive regulatory approvals for its pharmaceutical product candidates, the Resulting Issuer may not be able to continue its operations.

The Resulting Issuer will plan to seek regulatory approval to commercialize its pharmaceutical product candidates in the United States, the European Union and in additional foreign countries. To obtain regulatory approvals the Resulting Issuer will need to comply with the numerous and varying regulatory requirements of such countries regarding safety, efficacy, chemistry, manufacturing and controls, clinical studies, commercial sales, pricing and distribution of the Resulting Issuer's product candidates. Even if the Resulting Issuer is successful in obtaining approval in one jurisdiction, the Resulting Issuer will not be able to ensure that it will obtain approval in any other jurisdictions. If the Resulting Issuer is unable to obtain approval for its pharmaceutical product candidates in multiple jurisdictions, the Resulting Issuer's revenue and results of operations would be negatively affected.

Inadequate funding for the FDA and other government agencies could hinder the Resulting Issuer's ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact its business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory, and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of the FDA and other government agencies on which our operations may rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable.

Future legislative and regulatory proposals may materially impact the ability of the FDA and other regulatory agencies to operate as they have historically operated. We cannot be sure whether additional legislative changes or executive orders will be enacted, or whether any of the FDA's regulations, guidance or interpretations will be changed, or what the impact of such changes on the agency and its scientific review staff, if any, may be. In addition, disruptions at the FDA and other agencies may slow the time necessary for new products to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, political disputes in the U.S. Congress may result in a shutdown of the U.S. federal government, and in such cases certain regulatory agencies, such as the FDA, would have to furlough critical employees and stop critical activities.

If a prolonged government shutdown occurs, or if legislative or regulatory developments or global health concerns hinder or prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on the Resulting Issuer's business.

Disruptions at the FDA and other agencies may also increase the time necessary for new drugs or medical devices to be reviewed and/or approved by necessary government agencies or to otherwise respond to regulatory submissions, which would adversely affect the Resulting Issuer's business. For example, the Trump Administration has discussed several changes to the reach and oversight of the FDA, which could affect its relationship with the medical device and pharmaceutical industry, transparency in decision making and ultimately the cost and availability of prescription drugs or treatments. Additionally, over the last several years, the US government has shut down multiple times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA and other government employees and stop critical activities. If funding for the FDA is reduced, FDA priorities change, or a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

The regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable. If the Resulting Issuer is ultimately unable to obtain regulatory approval for its pharmaceutical product candidates, the Resulting Issuer's business will be substantially harmed.

The time required to obtain approval by the FDA and comparable foreign authorities is unpredictable, typically takes many years following the commencement of clinical studies and depends upon numerous factors. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a pharmaceutical product candidate's clinical development and may vary among jurisdictions, which may cause delays in the approval or the decision not to approve an application. The Resulting Issuer will not have obtained regulatory approval for any pharmaceutical product candidate, and it is possible that any pharmaceutical product candidates the Resulting Issuer may seek to develop in the future will ever obtain regulatory approval.

Applications for the Resulting Issuer's pharmaceutical product candidates could fail to receive regulatory approval for many reasons, including but not limited to the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of the Resulting Issuer's clinical studies;

- the Resulting Issuer may be unable to demonstrate to the FDA or comparable foreign regulatory authorities that a pharmaceutical product candidate's safety-benefit ratio for its proposed indication is acceptable;

- the FDA or comparable foreign regulatory authorities may disagree with the Resulting Issuer's interpretation of data from pre-clinical studies or clinical studies;

- the data collected from clinical studies of the Resulting Issuer's pharmaceutical product candidates may not be sufficient to support the submission of a New Drug Application ("**NDA**") in the United States or elsewhere;

- the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes, test procedures and specifications or facilities of third-party manufacturers with which the Resulting Issuer contracts for clinical and commercial supplies; and

- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering the Resulting Issuer's clinical data insufficient for approval.

This lengthy approval process, as well as the unpredictability of the results of clinical studies, may result in the Resulting Issuer failing to obtain regulatory approval to market any of its pharmaceutical product candidates, which would significantly harm the Resulting Issuer's business, results of operations and prospects.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies may not be predictive of future study results.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical study process. The results of pre-clinical studies and early clinical studies of the Resulting Issuer's product candidates may not be predictive of the results of later-stage clinical studies. Product candidates that have shown promising results in early-stage clinical studies may still suffer significant setbacks in subsequent advanced clinical studies. There is a high failure rate for drugs proceeding through clinical studies, and product candidates in later stages of clinical studies may fail to show the desired safety and efficacy traits despite having progressed satisfactorily through pre-clinical studies and initial clinical studies. A number of companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical studies due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier studies. Moreover, pre-clinical and clinical data are often susceptible to varying interpretations and analyses. The Resulting Issuer is not anticipated to know whether any Phase I, Phase II, Phase III or other clinical studies it may conduct will demonstrate consistent or adequate efficacy and safety sufficient to obtain regulatory approval to market such product candidates.

The Resulting Issuer may find it difficult to enroll patients in its clinical studies. Difficulty in enrolling patients could delay or prevent clinical studies of the Resulting Issuer's pharmaceutical product candidates.

Identifying and qualifying patients to participate in clinical studies of the Resulting Issuer's pharmaceutical product candidates is critical to the Resulting Issuer's success. The timing of the Resulting Issuer's clinical studies depends in part on the speed at which the Resulting Issuer would be able to recruit patients to participate in testing its pharmaceutical product candidates, and the Resulting Issuer may experience delays in its clinical studies if the Resulting Issuer encounters difficulties in enrollment.

Some of the conditions for which the Resulting Issuer is anticipated to plan to evaluate its pharmaceutical product candidates are for rare diseases. Accordingly, there is a limited patient pool from which to draw for clinical studies. Further, the eligibility criteria of the Resulting Issuer's clinical studies is anticipated to further limit the pool of available study participants as the Resulting Issuer will require that patients have specific characteristics that the Resulting Issuer can measure or to assure their disease is either severe enough or not too advanced to include them in a study.

Additionally, the process of finding patients may prove costly. The Resulting Issuer also may not be able to identify, recruit and enroll a sufficient number of patients to complete its clinical studies because of the perceived risks and benefits of the pharmaceutical product candidate under study, the availability and efficacy of competing therapies and clinical studies, the proximity and availability of clinical study sites for prospective patients and the patient referral practices of physicians. If patients are unwilling to participate

in the Resulting Issuer's studies for any reason, the timeline for recruiting patients, conducting studies and obtaining regulatory approval of potential pharmaceutical product candidates will be delayed.

If the Resulting Issuer experiences delays in the completion or termination of any clinical study of its pharmaceutical product candidates, the commercial prospects of its pharmaceutical product candidates will be harmed, and the Resulting Issuer's ability to generate pharmaceutical product candidate revenue from any of these pharmaceutical product candidates could be delayed or prevented. In addition, any delays in completing the Resulting Issuer's clinical studies will increase the Resulting Issuer's costs, slow down its product candidate development and approval process and jeopardize its ability to commence pharmaceutical product candidate sales and generate revenue. Any of these occurrences may harm the Resulting Issuer's business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical studies may also ultimately lead to the denial of regulatory approval of the Resulting Issuer's pharmaceutical product candidates.

If the FDA does not conclude that the Resulting Issuer's pharmaceutical product candidates satisfy the requirements for the Section 505(b)(2) regulatory approval pathway, or if the requirements for the Resulting Issuer's pharmaceutical product candidates under Section 505(b)(2) are not as the Resulting Issuer expects, the approval pathway would likely take significantly longer, cost significantly more and entail significantly greater complications and risks than anticipated and in either case may not be successful.

The Resulting Issuer will intend to seek FDA approval through the Section 505(b)(2) regulatory pathway for its pharmaceutical product candidate SCI-110 and potentially for its anticipated drug candidate SCI-210. *The Drug Price Competition and Patent Term Restoration Act of 1984*, also known as the Hatch-Waxman Amendments, added Section 505(b)(2) to the *Federal Food, Drug, and Cosmetic Act of 1938*, as amended (the "**FDC Act**") or Section 505(b)(2). Section 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference.

If the FDA does not allow the Resulting Issuer to pursue the Section 505(b)(2) regulatory pathway as anticipated, the Resulting Issuer may need to conduct additional clinical trials, provide additional data and information and meet additional standards for regulatory approval. If this were to occur, the time and financial resources required to obtain FDA approval, and complications and risks associated with FDA approval, would substantially increase. The Resulting Issuer may need to obtain additional funding, which could result in significant dilution to the ownership interests of its then existing shareholders to the extent the Resulting Issuer issues equity securities or convertible debt. There is no assurance that the Resulting Issuer will be able to obtain such additional financing on terms acceptable to the Resulting Issuer, if at all. Moreover, inability to pursue the Section 505(b)(2) regulatory pathway could result in new competitive pharmaceutical product candidates reaching the market faster than the Resulting Issuer's pharmaceutical product candidates, which could materially and adversely impact the Resulting Issuer's competitive position and prospects. Even if the Resulting Issuer is allowed to pursue the Section 505(b)(2) regulatory pathway, there can be no assurance that the Resulting Issuer's pharmaceutical product candidates will receive the requisite approvals for commercialization.

In addition, notwithstanding the approval of a number of pharmaceutical product candidates by the FDA under Section 505(b)(2) over the last few years, some pharmaceutical companies and others have objected to the FDA's interpretation of Section 505(b)(2). For example, several companies have previously petitioned the FDA regarding the constitutionality of allowing others to rely upon FDA findings that are based on their proprietary data. If the FDA's interpretation of Section 505(b)(2) is successfully challenged, the FDA may be required to change its Section 505(b)(2) policies and practices, which could require that the Resulting Issuer generate full data regarding safety and effectiveness for previously approved active ingredients and delay or even prevent the FDA from approving any NDA that the Resulting Issuer submits under Section 505(b)(2). In addition, the pharmaceutical industry is highly competitive, and Section 505(b)(2) NDAs are subject to special requirements designed to protect the patent rights of sponsors of previously approved drugs that are referenced in a Section 505(b)(2) NDA. These requirements may give rise to patent litigation and mandatory delays in approval of the Resulting Issuer's potential future NDAs for up to 30 months depending on the outcome of any litigation. It is not uncommon for a manufacturer of an approved

pharmaceutical product to file a citizen petition with the FDA seeking to delay approval of, or impose additional approval requirements for, pending competing pharmaceutical products. If successful, such petitions can significantly delay, or even prevent, the approval of the new pharmaceutical product. However, even if the FDA ultimately denies such a petition, the FDA may substantially delay approval while it considers and responds to the petition. In addition, even if the Resulting Issuer is able to utilize the Section 505(b)(2) regulatory pathway for its pharmaceutical product candidates, there is no guarantee this would ultimately lead to faster pharmaceutical product development or earlier approval. Moreover, even if these pharmaceutical product candidates are approved under the Section 505(b)(2) pathway, as the case may be, the approval may be subject to limitations on the indicated uses for which the pharmaceutical products may be marketed or to other conditions of approval or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the pharmaceutical products. The Resulting Issuer's pharmaceutical product candidates will be subject to uncertainty over what the Resulting Issuer must do on its development program in order to secure approval under Section 505(b)(2).

The Resulting Issuer may encounter substantial delays in its clinical studies, or the Resulting Issuer may fail to demonstrate safety and efficacy to the satisfaction of applicable regulatory authorities.

Before obtaining marketing approval from regulatory authorities for the sale of the Resulting Issuer's pharmaceutical product candidates, the Resulting Issuer must conduct extensive clinical studies to demonstrate the safety and efficacy of the pharmaceutical product candidates in humans. Clinical testing is expensive, time consuming and uncertain as to outcome. The Resulting Issuer cannot guarantee that any clinical studies will be conducted as planned or completed on schedule, if at all. A failure of one or more clinical studies can occur at any stage of testing, and the Resulting Issuer's future clinical studies may not be successful. Events that may prevent successful or timely completion of clinical development include but are not limited to:

- inability to generate sufficient pre-clinical, toxicology or other in vivo or in vitro data to support the initiation of human clinical studies;

- the occurrence of a pandemic or the spread of a virus that diverts the attention of regulatory agencies from reviewing the Resulting Issuer's study design or results or which, as a result of such pandemic or widespread virus, requires the Resulting Issuer to materially modify its planned clinical studies;

- delays in reaching a consensus with regulatory agencies on study design;

- delays in reaching agreement on acceptable terms with prospective contract research organizations ("**CROs**"), and clinical study sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical study sites;

- delays in obtaining required Institutional Review Board ("**IRB**") approval at each clinical study site;

- imposition of a clinical hold by regulatory agencies, after review of an IND, application, or equivalent application, or an inspection of the Resulting Issuer's clinical study operations or study sites;

- delays in recruiting suitable patients to participate in the Resulting Issuer's clinical studies;

- difficulty collaborating with patient groups and investigators;

- failure by the Resulting Issuer's CROs, other third parties or the Resulting Issuer to adhere to clinical study requirements;

- failure to perform in accordance with the FDA's Good Clinical Practices ("**GCP**") requirements, or applicable regulatory guidelines in other countries;

- delays in having patients complete participation in a study or return for post-treatment follow-up;

- patients dropping out of a study;

- occurrence of serious adverse events associated with the pharmaceutical product candidate that are viewed to outweigh its potential benefits;

- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;

- the cost of clinical studies of the Resulting Issuer's pharmaceutical product candidates being greater than the Resulting Issuer anticipates;

- clinical studies of the Resulting Issuer's pharmaceutical product candidates producing negative or inconclusive results, which may result in the Resulting Issuer deciding, or regulators requiring the Resulting Issuer, to conduct additional clinical studies or abandon pharmaceutical product candidate development programs; and

- delays in manufacturing, testing, releasing, validating or importing/exporting sufficient stable quantities of the Resulting Issuer's pharmaceutical product candidates for use in clinical studies or the inability to do any of the foregoing.

Any inability to successfully complete pre-clinical and clinical development could result in additional costs to the Resulting Issuer or impair its ability to generate revenue. The Resulting Issuer may also be required to conduct additional safety, efficacy and comparability studies before the Resulting Issuer will be allowed to start clinical studies with its repurposed drugs. Clinical study delays could also shorten any periods during which the Resulting Issuer's pharmaceutical product candidates have patent protection and may allow the Resulting Issuer's competitors to bring pharmaceutical product candidates to market before the Resulting Issuer does, which could impair the Resulting Issuer's ability to obtain orphan exclusivity and successfully commercialize its pharmaceutical product candidates and may harm the Resulting Issuer's business and results of operations.

In respect of the Resulting Issuer's pharmaceutical product candidates targeting rare indications, orphan drug exclusivity may afford limited protection, and if another party obtains orphan drug exclusivity for the drugs and indications that the Resulting Issuer will be targeting, the Resulting Issuer may be precluded from commercializing its pharmaceutical product candidates in those indications during that period of exclusivity.

The Resulting Issuer will seek to obtain an orphan designation for some of its pharmaceutical product candidates in the United States. Under the *Orphan Drug Act*, the FDA may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, defined, in part, as a patient population of fewer than 200,000 in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. Additionally, designation is granted for products intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in the European Union would be sufficient to justify the necessary investment in developing the drug.

In the United States, the first NDA applicant with an orphan drug designation for a particular active moiety to treat a specific disease or condition that receives FDA approval is entitled to a seven-year exclusive marketing period in the United States for that product candidate, for that indication. In the European Union, orphan drug designation also entitles a party to financial incentives such as reduction of fees or fee waivers and 10 years of market exclusivity is granted following drug approval. This period may be reduced to six years if the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity.

In June 2016, SciSparc submitted a request for orphan drug designation to the FDA for SCI-110 for the treatment of TS. In a letter dated September 29, 2016, the FDA informed SciSparc that its request could not be granted at such time, and is being held in abeyance until and subject to SciSparc providing additional information pertaining to the overall prevalence of TS in both children and adults, and further clinical data to support SciSparc's scientific rationale for its request for orphan drug designation within 12 months. In September 2017, SciSparc responded to such FDA letter within the designated time frame, and provided the FDA with articulated and reasoned responses including documentation and clinical data in support thereof. On December 26, 2017, SciSparc received the FDA's response to its response. The FDA accepted that there is adequate scientific rationale for the treatment of TS with SCI-110 mainly through the preliminary results of ongoing clinical trials, suggesting that SCI-110 may provide benefit in treating TS. However, the FDA stated that it was unable to grant SciSparc's request and indicated that SciSparc did not provide adequate prevalence estimates, and any evidence to support SciSparc's statement that only moderate to severe TS patients would require pharmacological treatment. SciSparc further responded in January 2018 by providing additional information. On January 23, 2020, following additional correspondence with the FDA, the FDA still did not grant SciSparc its request due to the fact that SciSparc has not yet provided adequate prevalence estimates. However, the FDA did agree with SciSparc's position that SciSparc could potentially qualify for orphan drug designation with respect to the moderate-to-severe TS sub-group population only, rather than the entire population. After SciSparc had provided additional prevalence estimates, the FDA raised a concern in its letter, dated December 7, 2020, about SciSparc's ability to limit the use of the pharmaceutical product to the subset of patients that SciSparc is pursuing. Due to the fact that SciSparc disagreed with this concern, SciSparc requested a clarification call. In the clarification call conducted on February 2, 2021, SciSparc agreed with the FDA concern about its ability to limit the use of the pharmaceutical product to the subset of patients in addition to a safety concern associated with Δ^9THC treatment in pediatrics population so SciSparc suggested to amend its preliminary request and asked to include only adults in the treated population. An amendment letter was discussed and the FDA described what it would want to see in such an amendment. In March 2021, SciSparc sent its response to the FDA. In June 2021, SciSparc received a response from the FDA explaining that the FDA is unable to grant SciSparc's request until new information becomes available to support a request for orphan drug designation. The Resulting Issuer is expected to re-visit the application after it obtains clinical results from its upcoming phase IIb clinical trial in TS.

There is no assurance that the Resulting Issuer will successfully obtain orphan drug designation for TS, any future rare indications or orphan exclusivity upon approval of any of the Resulting Issuer's pharmaceutical product candidates.

Even if the Resulting Issuer does obtain orphan exclusivity for any pharmaceutical product candidate, the exclusive marketing rights may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug. Moreover, a drug product candidate with an active moiety that is a different cannabinoid from that in the Resulting Issuer's anticipated drug candidate or, under limited circumstances, the same drug product candidate, may be approved by the FDA for the same indication during the period of marketing exclusivity. The limited circumstances include a showing that the second drug is clinically superior to the drug with marketing exclusivity through a demonstration of superior safety or efficacy or that it makes a major contribution to patient care. In addition, if a competitor obtains approval and marketing exclusivity for a drug product candidate with an active moiety that is the same as that in an pharmaceutical product candidate that the Resulting Issuer will be pursuing for the same indication, approval of the Resulting Issuer's pharmaceutical product candidate would be blocked during the period of marketing exclusivity unless the Resulting Issuer could demonstrate that its product candidate is clinically superior to the approved pharmaceutical product candidate. In addition, if a competitor obtains approval and marketing exclusivity for a drug product candidate with an active moiety that is the same as that in an pharmaceutical product candidate that the Resulting Issuer will be pursuing for a different orphan indication, this may negatively impact the market opportunity for the Resulting Issuer's pharmaceutical product candidate.

There have been legal challenges to aspects of the FDA's regulations and policies concerning the exclusivity provisions of the *Orphan Drug Act*, and future challenges could lead to changes that affect the protections afforded our pharmaceutical product candidates in ways that are difficult to predict. In a recent

successful legal challenge, a court invalidated the FDA's denial of orphan exclusivity to a drug on the grounds that the drug was not proven to be clinically superior to a previously approved pharmaceutical product candidate containing the same ingredient for the same orphan use. In response to the decision, the FDA released a policy statement stating that the court's decision is limited just to the facts of that particular case and that the FDA will continue to require the sponsor of a designated drug that is the "same" as a previously approved drug to demonstrate that its drug is clinically superior to that drug upon approval in order to be eligible for orphan drug exclusivity, or in some cases, to even be eligible for marketing approval. In the future, there is the potential for additional legal challenges to the FDA's orphan drug regulations and policies, and it is uncertain how such challenges might affect our business.

While orphan drug product candidates are typically sold at a high price relative to other medications, the market may not be receptive to high pricing of the Resulting Issuer's product candidates.

The Resulting Issuer is expected to develop its product candidates to treat rare diseases, a space where medications are usually sold at high prices compared with other medications. However, the Resulting Issuer's product candidates are repurposed drugs, which means, among other things, that they contain drug substances available in pharmacies for the purpose of treating indications that are different from the indications for which the Resulting Issuer plans to use. Accordingly, even if regulatory authorities approve the Resulting Issuer's product candidates, the market may not be receptive to, and it may be difficult for the Resulting Issuer to achieve, a per-patient per-year price high enough to allow the Resulting Issuer to realize a return on its investment.

The Resulting Issuer's product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label or result in significant negative consequences following marketing approval, if any.

The use of dronabinol has been associated with seizures, paranoia, rapid heart rate and unusual thoughts and behaviors. Undesirable side effects caused by the Resulting Issuer's product candidates could cause the Resulting Issuer or regulatory authorities to interrupt, delay or halt clinical studies and could result in a more restrictive marketing label or the delay or denial of regulatory approval by the FDA or other comparable foreign authorities. Potential side effects of the Resulting Issuer's cannabinoid-based treatments may include: asthenia, palpitations, tachycardia, vasodilation/facial flush, abdominal pain, nausea, vomiting, amnesia, anxiety/nervousness, ataxia, confusion, depersonalization, dizziness, euphoria, hallucinations, paranoid reaction, somnolence and abnormal thinking. Results of the Resulting Issuer's studies may identify unacceptable severity and prevalence of these or other side effects. In such an event, the Resulting Issuer's studies could be suspended or terminated, and the FDA or comparable foreign regulatory authorities could order the Resulting Issuer to cease further development of or deny or withdraw approval of its anticipated product candidates for any or all targeted indications.

Drug-related side effects could affect patient recruitment, the ability of enrolled patients to complete the study or result in potential product candidate liability claims.

Additionally, if one or more of the Resulting Issuer's product candidates receives marketing approval, and the Resulting Issuer or others later identify undesirable side effects caused by such product candidates, a number of potentially significant negative consequences could result, including but not limited to:

- regulatory authorities may withdraw approvals of such product candidate;
- regulatory authorities may require additional warnings on the label;
- the Resulting Issuer may be required to create a Risk Evaluation and Mitigation Strategy ("**REMS**") plan, which could include a medication guide outlining the risks of such side effects for distribution to patients, a communication plan for healthcare providers and/or other Elements To Assure Safe Use ("**ETASU**");

- the Resulting Issuer could be sued and held liable for harm caused to patients; and

- the Resulting Issuer's reputation may suffer.

Any of these events could prevent the Resulting Issuer from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm the Resulting Issuer's business, results of operations and prospects.

Even if the Resulting Issuer obtains regulatory approval for an product candidate, such product candidates will remain subject to regulatory scrutiny.

If the Resulting Issuer's product candidates are approved, such product candidates will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies and submission of safety, efficacy and other post-market information, including both federal and state requirements in the United States. In addition, manufacturers and manufacturers' facilities are required to comply with extensive FDA requirements, including ensuring that quality control and manufacturing procedures conform to current Good Manufacturing Practices ("**cGMP**") regulations and *Quality System Regulation* ("**QSR**"). As such, the Resulting Issuer and its contract manufacturers will be subject to continual review and inspections to assess compliance with cGMP, QSR and adherence to commitments made in any NDA. Accordingly, the Resulting Issuer and others with whom the Resulting Issuer works with must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

Any regulatory approvals that the Resulting Issuer is expected to receive for its product candidates may also be subject to limitations on the approved indicated uses for which the product candidate may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials and surveillance to monitor the safety and efficacy of the product candidate. The Resulting Issuer will also be required to report certain adverse reactions and production problems, if any, to the FDA, and to comply with requirements concerning advertising and promotion for its product candidates. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product candidate's approved label. As such, the Resulting Issuer may not promote its product candidates for indications or uses for which they do not have FDA approval. The holder of an approved NDA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product candidate, product candidate labeling or manufacturing process. The Resulting Issuer could also be asked to conduct post-marketing clinical studies to verify the safety and efficacy of its product candidates in general or in specific patient subsets. If original marketing approval were obtained via the accelerated approval pathway, the Resulting Issuer could be required to conduct a successful post-marketing clinical study to confirm clinical benefit for its product candidates. An unsuccessful post-marketing study or failure to complete such a study could result in the withdrawal of marketing approval. Furthermore, any new legislation addressing drug safety issues could result in delays in product candidate development or commercialization or increased costs to assure compliance. Foreign regulatory authorities impose similar requirements.

If a regulatory agency discovers previously unknown problems with a product candidate, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product candidate is manufactured, or disagrees with the promotion, marketing or labeling of a product candidate, such regulatory agency may impose restrictions on that product candidate or the Resulting Issuer, including requiring withdrawal of the product candidate from the market. If the Resulting Issuer fails to comply with applicable regulatory requirements, a regulatory agency or enforcement authority may, among other things:

- issue warning letters;

- impose civil or criminal penalties;

- suspend or withdraw regulatory approval;

- suspend any of the Resulting Issuer's ongoing clinical studies;

- refuse to approve pending applications or supplements to approved applications submitted by the Resulting Issuer;

- impose restrictions on the Resulting Issuer's operations, including closing its contract manufacturers' facilities; or

- seize or detain product candidates, or require a product candidate recall.

Any government investigation of alleged violations of law could require the Resulting Issuer to expend significant time and resources in response and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect the Resulting Issuer's ability to commercialize and generate revenue from its product candidates. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of the Resulting Issuer and its operating results will be adversely affected.

The Resulting Issuer is anticipated to be subject to numerous complex regulations and failure to comply with these regulations, or the cost of compliance with these regulations, may harm the Resulting Issuer's business.

The research, testing, development, manufacturing, quality control, approval, labeling, packaging, storage, recordkeeping, promotion, advertising, marketing, distribution, possession and use of the Resulting Issuer's product candidates, among other things, are subject to regulation by numerous governmental authorities in the United States and elsewhere. The FDA regulates drugs under the FDC Act, and implementing regulations. Noncompliance with any applicable regulatory requirements can result in refusal to approve product candidates for marketing, warning letters, product candidate recalls or seizure of product candidates, total or partial suspension of production, prohibitions or limitations on the commercial sale of product candidates or refusal to allow the entering into of federal and state supply contracts, fines, civil penalties and/or criminal prosecution. Additionally, the FDA and comparable governmental authorities have the authority to withdraw product candidate approvals that have been previously granted. Moreover, the regulatory requirements relating to the Resulting Issuer's product candidates may change from time to time and it is impossible to predict what the impact of any such changes may be.

The Resulting Issuer is expected to develop product candidates that are controlled substances as defined in the *Controlled Substances Act of 1970* ("**CSA**") which establishes, among other things, certain registration, production quotas, security, recordkeeping, reporting, import, export and other requirements administered by the Drug Enforcement Administration (the "**DEA**"). As a result, any product candidate that is a controlled substance (or includes a controlled substance) cannot be marketed before such substance is rescheduled by the DEA as a Schedule II, III, IV or V substance. The active ingredient in the Resulting Issuer's product candidates is dronabinol, which is a Schedule III controlled substance.

The manufacture, shipment, storage, sale and use, among other things, of controlled substances that are pharmaceutical product candidates are subject to a high degree of regulation. The DEA also conducts periodic inspections of registered establishments that handle controlled substances. Facilities that conduct research, manufacture, distribute, import or export controlled substances must be registered to perform these activities and have the security, control and inventory mechanisms required by the DEA to prevent drug loss and diversion. Failure to maintain compliance, particularly non-compliance resulting in loss or diversion, can result in regulatory action that could have a material adverse effect on the Resulting Issuer's anticipated business, results of operations, financial condition and prospects. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

Individual states also have controlled substances laws. Though state controlled substances laws often mirror federal law, because the states are separate jurisdictions, they may separately schedule the

Resulting Issuer's product candidates as well. While some states automatically schedule a drug when the DEA does so, other states schedule drugs through rulemaking or a legislative action. State scheduling may delay commercial sale of any product candidate for which the Resulting Issuer obtains federal regulatory approval and adverse scheduling could have a material adverse effect on the commercial attractiveness of such product candidate. The Resulting Issuer or its partners must also obtain separate state registrations, permits or licenses in order to be able to obtain, handle, and distribute controlled substances for clinical trials or commercial sale, and failure to meet applicable regulatory requirements could lead to enforcement and sanctions from the states in addition to those from the DEA or otherwise arising under federal law.

Risks Related to the Resulting Issuer's Reliance on Third Parties

The Resulting Issuer is expected to rely on third parties to conduct its pre-clinical and clinical studies and perform other tasks for the Resulting Issuer. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or comply with regulatory requirements, the Resulting Issuer may not be able to obtain regulatory approval for or commercialize its product candidates and the Resulting Issuer's business could be substantially harmed.

The Resulting Issuer is expected to rely upon third-party CROs to monitor and manage data for the Resulting Issuer's anticipated pre-clinical and clinical programs, including Target Health, Inc., FGK Clinical Research GmbH ("**FGK**") and others. The Resulting Issuer is expected to rely on these parties for execution of the Resulting Issuer's anticipated pre-clinical and clinical studies, and control only certain aspects of the CROs' activities. Nevertheless, the Resulting Issuer is anticipated to be responsible for ensuring that each of its studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and the Resulting Issuer's anticipated reliance on the CROs does not relieve the Resulting Issuer of its regulatory responsibilities. The Resulting Issuer and its CROs and other vendors are expected to be required to comply with current cGMP, GCP, QSR and Good Laboratory Practices ("**GLP**") which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area, and comparable foreign regulatory authorities for all of the Resulting Issuer's product candidates in clinical development. Regulatory authorities enforce these regulations through periodic inspections of study sponsors, principal investigators, study sites and other contractors. If the Resulting Issuer or any of its CROs or vendors fail to comply with applicable regulations, the clinical data generated in the Resulting Issuer's clinical studies may be deemed unreliable and the FDA, EMA or comparable foreign regulatory authorities may require the Resulting Issuer to perform additional clinical studies before approving its marketing applications. There can be no assurance that upon inspection by a given regulatory authority, such regulatory authority will determine that any of the Resulting Issuer's clinical studies comply with GCP regulations. In addition, the Resulting Issuer's clinical studies must be conducted with product candidates which are produced under cGMP regulations. The Resulting Issuer's failure to comply with these regulations may require the Resulting Issuer to repeat clinical studies, which would delay the regulatory approval process.

If any of the Resulting Issuer's relationships with these third-party CROs terminate, the Resulting Issuer may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. In addition, the Resulting Issuer's CROs will not be the Resulting Issuer's employees, and except for remedies available to the Resulting Issuer under its agreements with such CROs, the Resulting Issuer will not be able to control whether or not such CROs devote sufficient time and resources to its on-going clinical, nonclinical and pre-clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to the Resulting Issuer's clinical protocols, regulatory requirements or for other reasons, the Resulting Issuer's clinical studies may be extended, delayed or terminated and the Resulting Issuer may not be able to obtain regulatory approval for or successfully commercialize its product candidates. CROs may also generate higher costs than anticipated. As a result, the Resulting Issuer's results of operations and the commercial prospects for the Resulting Issuer's product candidates would be harmed, its costs could increase and its ability to generate revenue could be delayed.

Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays may occur, which could materially impact the Resulting Issuer's ability to meet its desired clinical development timelines. Though the Resulting Issuer is expected to carefully manage its relationships with its CROs, there can be no assurance that the Resulting Issuer will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on the Resulting Issuer's business, financial condition and prospects.

The Resulting Issuer is anticipated to rely on third parties to manufacture its API and formulations. The Resulting Issuer's business could be harmed if those third parties fail to provide the Resulting Issuer with sufficient quantities of its needed supplies, or fail to do so at acceptable quality levels or prices.

The Resulting Issuer is not anticipated to have the infrastructure or capability internally to manufacture the API formulations, and will lack the resources and the capability to manufacture any of its product candidates on a clinical or commercial scale. The Resulting Issuer plans to rely on third parties for such supplies. There are a limited number of manufacturers who have the ability to produce the Resulting Issuer's API and there may be a need to identify alternate manufacturers to prevent a possible disruption of the Resulting Issuer's clinical studies. Any significant delay or discontinuity in the supply of these components could considerably delay completion of the Resulting Issuer's clinical studies, product candidate testing and potential regulatory approval of its product candidates, which could harm the Resulting Issuer's business and results of operations.

The Resulting Issuer and its collaborators and contract manufacturers are expected to be subject to significant regulation with respect to manufacturing the Resulting Issuer's product candidates. The manufacturing facilities on which the Resulting Issuer is expected to rely may not continue to meet regulatory requirements and have limited capacity.

All entities involved in the preparation of therapeutics for clinical studies or commercial sale, including the Resulting Issuer's contract manufacturers for its product candidates, are subject to extensive regulation. Components of a finished therapeutic product approved for commercial sale or a product candidate used in late-stage clinical studies must be manufactured in accordance with cGMP. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational product candidates and products approved for sale. Poor control of production processes can lead to the introduction of contaminants or to inadvertent changes in the properties or stability of the Resulting Issuer's product candidates that may not be detectable in final product testing. The Resulting Issuer, its collaborators or its contract manufacturers must supply all necessary documentation in support of an NDA, or Marketing Authorization Application ("**MAA**") on a timely basis and must adhere to GLP and cGMP QSR regulations enforced by the FDA and other regulatory agencies through their facilities inspection program. Some of the Resulting Issuer's contract manufacturers have never produced a commercially approved pharmaceutical product and therefore have not obtained the requisite regulatory authority approvals to do so. The facilities and quality systems of some or all of the Resulting Issuer's collaborators and third-party contractors must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of the Resulting Issuer's product candidates or any of its other potential product candidates. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of the Resulting Issuer's product candidates or its other potential product candidates or the associated quality systems for compliance with the regulations applicable to the activities being conducted. The Resulting Issuer will not expect to control the manufacturing process of, and be completely dependent on, the Resulting Issuer's contract manufacturing partners for compliance with the regulatory requirements. If these facilities do not pass a pre-approval plant inspection, regulatory approval of the product candidates may not be granted or may be substantially delayed until any violations are corrected to the satisfaction of the regulatory authority, if ever.

The regulatory authorities also may, at any time following approval of a product candidate for sale, if ever, audit the manufacturing facilities of the Resulting Issuer's collaborators and third-party contractors. If any such inspection or audit identifies a failure to comply with applicable regulations or if a violation of the

Resulting Issuer's product candidate specifications or applicable regulations occurs independent of such an inspection or audit, the Resulting Issuer or the relevant regulatory authority may require remedial measures that may be costly and/or time consuming for the Resulting Issuer or a third-party to implement, and that may include the temporary or permanent suspension of a clinical study or commercial sales, or the temporary or permanent closure of a facility. Any such remedial measures imposed upon the Resulting Issuer or third parties with whom the Resulting Issuer contracts could materially harm the Resulting Issuer's business.

If the Resulting Issuer, its collaborators, or any of its third-party manufacturers fail to maintain regulatory compliance, the FDA or other applicable regulatory authority can impose regulatory sanctions including, among other things, refusal to approve a pending application for a new drug product, withdrawal of an approval or suspension of production. As a result, the Resulting Issuer's business, financial condition and results of operations may be materially harmed.

Additionally, if supply from one approved manufacturer is interrupted, an alternative manufacturer would need to be qualified through an NDA or MAA amendment, or equivalent foreign regulatory filing, which could result in further delay. The regulatory agencies may also require additional studies if a new manufacturer is relied upon for commercial production. Switching manufacturers may involve substantial costs and is likely to result in a delay in the Resulting Issuer's desired clinical and commercial timelines.

These factors could cause the Resulting Issuer to incur higher costs and could cause the delay or termination of clinical studies, regulatory submissions, required approvals or commercialization of the Resulting Issuer's product candidates. Furthermore, if the Resulting Issuer's suppliers fail to meet contractual requirements and the Resulting Issuer is unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, the Resulting Issuer's clinical studies may be delayed or the Resulting Issuer could lose potential revenue.

The Resulting Issuer's anticipated reliance on third parties will require the Resulting Issuer to share its trade secrets, which increases the possibility that a competitor will discover them or that such trade secrets will be misappropriated or disclosed.

Because the Resulting Issuer is anticipated to rely on third parties to develop and manufacture its product candidates, the Resulting Issuer will, at times, share trade secrets with third parties. The Resulting Issuer is expected to seek to protect its proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with the Resulting Issuer's collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose the Resulting Issuer's confidential information, such as trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by the Resulting Issuer's competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that the Resulting Issuer's proprietary position is anticipated to be based, in part, on its know-how and trade secrets, a competitor's discovery of the Resulting Issuer's trade secrets or other unauthorized use or disclosure would impair the Resulting Issuer's competitive position and may have a material adverse effect on the Resulting Issuer's business.

Risks Related to Commercialization of the Resulting Issuer's Pharmaceutical Product Candidates

If the market opportunities for the Resulting Issuer's pharmaceutical product candidates are smaller than the Resulting Issuer believes they are, the Resulting Issuer's revenue may be adversely affected, and its business may suffer.

The Resulting Issuer's projections of both the number of people who have the Resulting Issuer's target diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with the Resulting Issuer's pharmaceutical product candidates, are based on the Resulting Issuer's beliefs and estimates. These estimates will have been derived from a variety of sources, including

scientific literature, surveys of clinics, patient foundations or market research and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these diseases. The number of patients may turn out to be lower than expected. The Resulting Issuer cannot accurately predict the number of patients for whom treatment might be possible. Additionally, the potentially addressable patient population for each of the Resulting Issuer's pharmaceutical product candidates may be limited or may not be amenable to treatment with its pharmaceutical product candidates, and new patients may become increasingly difficult to identify or gain access to, which would adversely affect the Resulting Issuer's results of operations and its business.

The Resulting Issuer is expected to face intense competition and rapid technological change and the possibility that its competitors may discover, develop or commercialize therapies that are similar, more advanced or more effective than the Resulting Issuer's, which may adversely affect the Resulting Issuer's financial condition and its ability to successfully commercialize its product candidates.

The biotechnology and pharmaceutical industries are highly competitive. There are many pharmaceutical companies, biotechnology companies, public and private universities and research organizations actively engaged in the research and development of products that may be similar to the Resulting Issuer's product candidates.

The first THC-based pharmaceutical, a pill sold under the commercial name of Marinol (scientific name: dronabinol), was developed by a company called Unimed Pharmaceuticals, with funding provided by the National Cancer Institute. In 1985, Marinol received FDA approval as a treatment for chemotherapy-related nausea and vomiting. Today, Marinol is marketed by AbbVie, Inc. Since the introduction of Marinol into the market, other pharmaceuticals containing Δ^9THC have also been developed. These include generic oral capsules of dronabinol, such as those marketed by SVC Pharma LP and Akorn Inc., Meda AB's Cesamet (nabilone), a synthetic derivative of THC, and Sativex (nabiximols), a whole cannabis extract administered as an oral spray. Furthermore, there are multiple companies that are working in the cannabis therapeutic area and are pursuing regulatory approval for their product candidates. For example, GW Pharmaceuticals PLC, or GW, which markets Sativex, a botanical cannabinoid oral mucosal for the treatment of spasticity due to multiple sclerosis, received FDA approval in the United States in June 2018 for Epidiolex, a liquid formulation of highly purified cannabidiol extract, as a treatment for Dravet's Syndrome, Lennox Gastaut Syndrome, and various childhood epilepsy syndromes. In addition, GW is developing, among others, cannabidivarin, or CBDV, based therapy for ASD and therapy for neonatal hypoxic-ischemic encephalopathy and schizophrenia. Zynerba Pharmaceuticals, Inc., or Zynerba, is developing a transdermal formulation of cannabidiol for Fragile X and certain refractory epilepsies and ASD. Skye Bioscience, Inc., or Skye, is focused on developing proprietary, synthetic cannabinoid-derived molecules to treat glaucoma and other diseases with significant unmet need. Corbus Pharmaceuticals Holdings is seeking FDA approval for their synthetic cannabinoid for systemic sclerosis, cystic fibrosis, dermatomyositis and systemic lupus erythematosus and metabolism and solid tumors. RespireRx Pharmaceutical Inc., or RespireRx, developing dronabinol for OSA treatment. Synendos Therapeutics AG, or Synendos, is a developer of endocannabinoid modulators for the treatment of central nervous system, or CNS, disorders. It has developed pharmaceutical products to restore the natural function of the brain and treat neuropsychiatric disorders. Synendos is developing small molecules as selective endocannabinoid reuptake inhibitors that increase the levels of endogenous cannabinoids to treat CNS disorders caused by cannabinoid deficiency. Inversago Pharma (formerly GIcare Pharma) is focused on developing peripheral cannabinoid (CB1) receptor antagonist/inverse agonist for the treatment of metabolic diseases such as obesity, insulin resistance, and liver fibrosis. Its drug INV-101 (Inverse agonist of peripheral CB1) under phase-1.

More established companies may have a competitive advantage over the Resulting Issuer due to their greater size, cash flows and institutional experience. Compared to the Resulting Issuer, many of the Resulting Issuer's competitors may have significantly greater financial, technical and human resources. As a result of these factors, the Resulting Issuer's competitors may have an advantage in marketing their approved products and may obtain regulatory approval of their product candidates before the Resulting Issuer is able to, which may limit the Resulting Issuer's ability to develop or commercialize its product candidates. The Resulting Issuer's competitors may also develop drugs that are safer, more effective, more

widely used and less expensive than the Resulting Issuer's product candidates, and may also be more successful than the Resulting Issuer in manufacturing and marketing their products. These advantages could materially impact the Resulting Issuer's ability to develop and commercialize its product candidates successfully.

The Resulting Issuer's product candidates may also compete with medical and recreational marijuana, in markets where the recreational and/or medical use of marijuana is legal. There is support in the United States for further legalization of marijuana. In markets where recreational and/or medical marijuana is not legal, the Resulting Issuer's product candidates may compete with marijuana purchased in the illegal drug market. The Resulting Issuer is not expected to assess the extent to which patients may utilize marijuana obtained illegally for the treatment of the indications for which the Resulting Issuer is developing its product candidates.

Even if the Resulting Issuer successfully develops its product candidates, and obtain marketing approval for them, other treatments or therapeutics may be preferred and the Resulting Issuer may not be successful in commercializing its product candidates or in bringing them to market.

Many of the Resulting Issuer's competitors have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in the Resulting Issuer's competitors. As a result, these companies may obtain regulatory approval more rapidly than the Resulting Issuer would be able to and may be more effective in selling and marketing their products as well. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. The Resulting Issuer's competitors may succeed in developing, acquiring or licensing on an exclusive basis, products that are more effective or less costly than any product candidate that the Resulting Issuer may develop, or achieve earlier patent protection, regulatory approval, product commercialization and market penetration than the Resulting Issuer. Additionally, technologies developed by the Resulting Issuer's competitors may render the Resulting Issuer's potential product candidates uneconomical or obsolete, and the Resulting Issuer may not be successful in marketing its product candidates against competitors.

The Resulting Issuer is not expected to have any marketing and sales organization in the short term. If the Resulting Issuer is unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell its product candidates, the Resulting Issuer may be unable to generate any revenue.

Although the Resulting Issuer's employees will be anticipated to have sold other similar products in the past while employed at other companies, the Resulting Issuer, as a company, will have no experience selling and marketing its product candidates and the Resulting Issuer is not expected to have any marketing or sales organization in the short term. To successfully commercialize any products that may result from the Resulting Issuer's development programs, the Resulting Issuer would need to develop these capabilities, either on its own or with others. If the Resulting Issuer's product candidates receive regulatory approval, the Resulting Issuer is expected to establish a sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize its product candidates in major markets, which will be expensive, difficult and time consuming. Any failure or delay in the development of the Resulting Issuer's internal sales, marketing and distribution capabilities would adversely impact the commercialization of the Resulting Issuer's products.

Further, given the Resulting Issuer's lack of prior experience in marketing and selling pharmaceutical products, the Resulting Issuer's initial estimate of the size of the required sales force may be materially more or less than the size of the sales force actually required to effectively commercialize its product candidates. As such, the Resulting Issuer may be required to hire substantially more sales representatives to adequately support the commercialization of its product candidates or the Resulting Issuer may incur excess costs as a result of hiring more sales representatives than necessary. With respect to certain

geographical markets, the Resulting Issuer may be expected to enter into collaborations with other entities to utilize their local marketing and distribution capabilities, but the Resulting Issuer may be unable to enter into such agreements on favorable terms, if at all. If the Resulting Issuer's future collaborators do not commit sufficient resources to commercialize the Resulting Issuer's future products, if any, and the Resulting Issuer is unable to develop the necessary marketing capabilities on its own, the Resulting Issuer will be unable to generate sufficient product revenue to sustain its business. The Resulting Issuer may be competing with companies that currently have extensive and well-funded marketing and sales operations. Without an internal team or the support of a third-party to perform marketing and sales functions, the Resulting Issuer may be unable to compete successfully against these more established companies.

The commercial success of any current or future product candidate will depend upon the degree of market acceptance by physicians, patients, third-party payors and others in the medical community.

Even with the requisite approvals from the FDA and comparable foreign regulatory authorities, the commercial success of the Resulting Issuer's product candidates will depend in part on the medical community, patients and third-party payors accepting the Resulting Issuer's product candidates as medically useful, cost-effective and safe. Any product that the Resulting Issuer may bring to the market may not gain market acceptance by physicians, patients, third-party payors and others in the medical community. The degree of market acceptance of any of the Resulting Issuer's product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the safety and efficacy of the product as demonstrated in clinical studies and potential advantages over competing treatments;
- the prevalence and severity of any side effects, including any limitations or warnings contained in a product's approved labeling;
- the clinical indications for which approval is granted;
- relative convenience and ease of administration;
- the cost of treatment, particularly in relation to competing treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of marketing and distribution support and timing of market introduction of competitive products;
- publicity concerning the Resulting Issuer's products or competing products and treatments; and
- sufficient third-party insurance coverage and reimbursement.

Even if a potential product displays a favorable efficacy and safety profile in pre-clinical and clinical studies, market acceptance of the product will not be fully known until after it is launched. The Resulting Issuer's efforts to educate the medical community and third-party payors on the benefits of the product candidates may require significant resources and may never be successful. If the Resulting Issuer's product candidates are approved but fail to achieve an adequate level of acceptance by physicians, patients, third-party payors and others in the medical community, the Resulting Issuer will not be able to generate sufficient revenue to become or remain profitable.

The insurance coverage and reimbursement status of newly-approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for new or current products could limit the Resulting Issuer's ability to market those products and decrease its ability to generate revenue.

The pricing, coverage and reimbursement of the Resulting Issuer's product candidates, if approved, must be adequate to support the Resulting Issuer's commercial infrastructure. The Resulting Issuer's per-patient prices must be sufficient to recover the Resulting Issuer's development and manufacturing costs and potentially achieve profitability. Accordingly, the availability and adequacy of coverage and reimbursement by governmental and private payors are essential for most patients to be able to afford expensive treatments such as the Resulting Issuer's, assuming approval. Sales of the Resulting Issuer's product candidates will depend substantially, both domestically and abroad, on the extent to which the costs of the Resulting Issuer's product candidates will be paid for by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by government authorities, private health insurers and other third-party payors. If coverage and reimbursement are not available, or are available only to limited levels, the Resulting Issuer may not be able to successfully commercialize its product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow the Resulting Issuer to establish or maintain pricing sufficient to realize a return on its investment.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, the principal decisions about coverage and reimbursement for new drugs are typically made by the Centers for Medicare & Medicaid Services ("**CMS**"), an agency within the U.S. Department of Health and Human Services ("**DHHS**") as CMS decides whether and to what extent a new drug will be covered and reimbursed under Medicare. Private payors tend to follow the coverage reimbursement policies established by CMS to a substantial degree. It is difficult to predict what CMS will decide with respect to reimbursement for products such as the Resulting Issuer's product candidates.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and the Resulting Issuer expects to believe that the increasing emphasis on cost-containment initiatives in Europe, Canada and other countries has and will continue to put pressure on the pricing and usage of the Resulting Issuer's product candidates. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. In general, the prices of medicines under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for medicinal products, but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that the Resulting Issuer would be expected to charge for its product candidates. Accordingly, in markets outside the United States, the reimbursement for the Resulting Issuer's products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

Moreover, increasing efforts by governmental and third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for new products approved and, as a result, they may not cover or provide adequate payment for the Resulting Issuer's product candidates. The Resulting Issuer expects to experience pricing pressures in connection with the sale of any of its product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products.

Healthcare legislative reform measures may have a material adverse effect on the Resulting Issuer's business and results of operations.

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. The following are among the provisions established by the *Patient Protection*

and Affordable Care Act of 2010 (the "**ACA**") of greatest importance to the pharmaceutical and biotechnology industry:

- an annual, nondeductible fee on any entity that manufactures or imports certain specified branded prescription drugs and biologic agents apportioned among these entities according to their market share in some government healthcare programs;

- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13% of the Average Manufacturer Price (the "**AMP**") for most branded and generic drugs, respectively, and capped the total rebate amount for innovator drugs at 100% of the AMP;

- extension of manufacturers' Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations, or MCOs;

- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for individuals with income at or below 133% of the federal poverty level, thereby potentially increasing manufacturers' Medicaid rebate liability;

- a Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% (now 70%) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D;

- expansion of the entities eligible for discounts under federal 340B;

- a Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research;

- establishment of a Center for Medicare Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending. This center is currently focused on the following priorities:

    - testing new payment and service delivery models;

    - evaluating results and advancing best practices; and

    - engaging a broad range of stakeholders to develop additional models for testing.

- implementation of the federal physician payment transparency requirements, or the *Sunshine Act*. *The Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act* (the "**SUPPORT Act**") signed into law on October 24, 2018, expanded Sunshine Act reporting to include data for physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists and certified nurse midwifes. The amendment applies to reports submitted to CMS on or after January 1, 2022.

The ACA may be modified, amended or repealed at any time and may or may not be replaced with a different law or health care payment system. The ACA is expected to continue to have a significant impact on the health care industry. With regard to pharmaceutical product candidates, among other things, the ACA may expand and increase industry rebates for drugs covered under Medicaid programs and make changes to the coverage requirements under the Medicare D program. Since the enactment of the ACA, numerous regulations have been issued providing further guidance on its requirements. The ACA continues to be implemented through regulation and government activity but is subject to possible amendment, additional implementing regulations and interpretive guidelines. Several states have decided not to expand

their Medicaid programs and are seeking alternative reimbursement models to provide care to the uninsured. The manner in which these issues are resolved could materially affect the extent to which and the amount at which pharmaceuticals are reimbursed by government programs such as Medicare, Medicaid and Tricare.

In 2016, CMS issued a final rule regarding the Medicaid Drug Rebate Program that, among other things, revised the manner in which the AMP is calculated by manufacturers participating in the program and implemented certain amendments to the Medicaid rebate statute created under the ACA. In addition, on December 21, 2020, CMS issued a final rule that made changes to the Medicaid Drug Rebate Program regulations in several areas, including some changes to the treatment of value-based purchasing arrangements and price reporting for patient benefit programs sponsored by pharmaceutical manufacturers.

Two bills affecting the implementation of certain taxes under the ACA have been signed into law. *The Tax Cuts and Jobs Act of 2017* (the "**TCJA**"), included a provision that repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year, that is commonly referred to as the "individual mandate" Additionally, on January 22, 2018, then President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain ACA-mandated fees. Further, the *Bipartisan Budget Act of 2018*, among other things, amended the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." In July 2018, CMS published a final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On April 27, 2020, the U.S. Supreme Court reversed a Federal Circuit decision that previously upheld Congress' denial of $12 billion in "risk corridor" funding. Congress may consider additional legislation to repeal, or repeal and replace, other elements of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed a challenge on procedural grounds that argued that the ACA is unconstitutional in its entirety because the individual mandate was repealed by Congress. Thus, the ACA will remain in effect in its current form. Prior to the U.S. Supreme Court ruling, on January 28, 2021, President Biden issued an executive order that initiated a special enrollment period for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, re-examining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is possible that the ACA will be subject to judicial or Congressional challenges in the future. It is unclear how such challenges and the healthcare reform measures of the Biden administration will impact the ACA and the Resulting Issuer's business. The Resulting Issuer is expected to continue to evaluate the ACA and its possible repeal and replacement, as the extent to which any such changes may impact the Resulting Issuer's business or financial condition remains uncertain.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. In 2011, the *Budget Control Act of 2011* among other things, created measures for spending reductions by Congress. This includes aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions, known as Medicare sequestration adjustments, went into effect in 2013. However, under the *Coronavirus Aid, Relief, Economic Securities Act of 2020*, and related legislation, Medicare sequestration adjustments from May 1, 2020 through March 31, 2021 have been suspended, though sequestration has been extended through 2030.

One more issue to be taken up in this respect is the *Inflation Reduction Act* ("**IRA**"), which came into effect on August 16, 2022. The IRA may lead to significant price cuts for drugs prescribed to those insured via the different Medicare schemes and may have additional impact on drug prices for those drugs concerned in general.

Additionally, there has been heightened governmental scrutiny recently over the manner in which manufacturers set prices for their marketed products. For example, there have been several recent

Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. At the federal level, including the former Administration's budget for fiscal year 2020, there were further drug price control measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part D, to continue to allow some states to negotiate drug prices under Medicaid through supplemental rebate negotiations and other mechanisms, and legislation was introduced to eliminate cost sharing for generic drugs for Part D low-income patients.

In addition, in November 2020, the U.S. DHHS, finalized a regulation aimed at lowering prescription drug prices and out-of-pocket spending for prescription drugs by excluding rebates on prescription drugs paid by manufacturers to or purchased by Medicare Part D plan sponsors or pharmacy benefit managers, or ("**PBMs**"), acting under contract with Medicare Part D plan sponsors from the existing discount safe harbor under the federal Anti-Kickback Statute (the "**AKS**"). The regulation reflects the first change to the AKS Statute discount safe harbor since the Medicare Part D program was established. In addition to the rebate exclusions, two new safe harbors were added. One of these new safe harbors protects point-of-sale reductions in price from a manufacturer to a plan sponsor under Medicare Part D or a MCO, for a prescription drug payable, in whole or in part, by a plan sponsor under Medicare Part D or a MCO, provided certain conditions are met. The other protects certain fixed-fee services arrangements between manufacturers and PBMs.

Congress and the executive branch have each indicated that it will continue to seek new legislative or administrative measures to control drug costs. At the state level, legislatures have been increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, drug price increases, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

In the European Union, similar political, economic and regulatory developments may affect the Resulting Issuer's ability to profitably commercialize any of its product candidates, if approved. In addition to continuing pressure on prices and cost containment measures, legislative developments at the European Union or member state level may result in significant additional requirements or obstacles that may increase the Resulting Issuer's operating costs. The delivery of healthcare in the European Union, including the establishment and operation of health services and the pricing and reimbursement of medicines, is almost exclusively a matter for national, rather than European Union, law and policy. National governments and health service providers have different priorities and approaches to the delivery of health care and the pricing and reimbursement of products in that context. In general, however, the healthcare budgetary constraints in most EU member states have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. Coupled with ever-increasing European Union and national regulatory burdens on those wishing to develop and market products, this could prevent or delay marketing approval of the Resulting Issuer's product candidates, restrict or regulate post-approval activities and affect the Resulting Issuer's ability to commercialize any products for which it is expected to obtain marketing approval. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU member states, and parallel trade (i.e., arbitrage between low-priced and high-priced member states) can further reduce prices. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any products, if approved in those countries. In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies.

It is anticipated that the Resulting Issuer will expect these and other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and lower reimbursement, and in additional downward pressure on the price that the Resulting Issuer is anticipated to receive for any approved product. Any reduction in reimbursement from Medicare or other government-funded programs may result in a similar reduction in payments from private payors. The implementation of cost containment

measures or other healthcare reforms may prevent the Resulting Issuer from being able to generate revenue, attain profitability or commercialize its drugs, once marketing approval is obtained. IT is expected that the Resulting Issuer will not be able to predict what healthcare reform initiatives may be adopted in the future. However, it is possible that there will be further legislation or regulation that could harm the business, financial condition and results of operations.

Risks Related to the Resulting Issuer's Intellectual Property

If the Resulting Issuer is unable to obtain and maintain effective patent rights for its product candidates, the Resulting Issuer may not be able to compete effectively in its markets. If the Resulting Issuer is unable to protect the confidentiality of such trade secrets or know-how, such proprietary information may be used by others to compete against the Resulting Issuer.

The Resulting Issuer's potential success depends in large part on its ability to obtain and maintain patent and other intellectual property protection in the United States and in other countries with respect to the Resulting Issuer's anticipated proprietary technology and new product candidates.

The Resulting Issuer is expected to seek to protect its proprietary position by filing patent applications in the United States and in other countries, with respect to its novel technologies and product candidates, which are expected to be important to the Resulting Issuer's business. Patent prosecution is expensive and time consuming, and the Resulting Issuer may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that the Resulting Issuer will fail to identify patentable aspects of its research and development outputs could deprive the Resulting Issuer of rights necessary for the successful commercialization of any new product candidates that the Resulting Issuer may develop and would allow other third parties to compete with the Resulting Issuer.

The Resulting Issuer is anticipated to have exclusively licensed one U.S. patent family from Yissum Research Development Company of the Hebrew University of Jerusalem Ltd., or Yissum. It is not anticipated that the Resulting Issuer can offer any assurances that it will ever enter into definitive license agreements with any third-party licensor. To the extent the licensed or future licensed patents are found to be invalid or unenforceable, the Resulting Issuer may be limited in its ability to compete and market its product candidates. Moreover, the terms of the Resulting Issuer's anticipated licenses may affect its ability to control the value of any of its product candidates. If the Resulting Issuer or any of the parties that control the enforcement of licensed patents elect not to enforce any or all of the licensed patents it could significantly undercut the value of any of the Resulting Issuer's product candidates, which would materially and adversely affect the Resulting Issuer's future revenue, financial condition and results of operations. Moreover, fluctuating currency rates may create inconsistencies in the royalty payments that the Resulting Issuer is expected to make under such licenses.

Also, there is no guarantee that the patent registration applications anticipated to be submitted by the Resulting Issuer with regard to its technologies will result in a patent registration. In the event of failure to complete patent registration, the Resulting Issuer's anticipated developments will not be proprietary, which might allow other entities to manufacture the Resulting Issuer's product candidates and compete with them.

Further, there is no assurance that all potentially relevant prior art relating to the Resulting Issuer's patent applications has been found. Such prior art, to the extent it exists, may invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue, and even if such patents cover the Resulting Issuer's product candidates, third parties may challenge their validity, enforceability, or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, any future patents may not adequately protect the Resulting Issuer's intellectual property, provide exclusivity for its new product candidates, or prevent others from designing around the Resulting Issuer's claims. Any of these outcomes could impair the Resulting Issuer's ability to prevent competition from third parties, which may have an adverse impact on the Resulting Issuer's business.

Engagement in any type of intellectual property collaboration agreement requires diligent management of intellectual property rights. Joint intellectual property engagements may create additional administrative and financial burdens and may place the Resulting Issuer at heightened risk of disputes or litigation regarding ownership, maintenance or enforcement of such joint intellectual property. For example, as a potential joint-owner of intellectual property, the Resulting Issuer would be unable to use or exploit the intellectual property without the consent of the other joint owner. If the Resulting Issuer cannot obtain sole commercial use rights for such jointly-owned intellectual property as a result of collaboration, the Resulting Issuer's future product development and commercialization plans may be adversely affected. Moreover, if the Resulting Issuer cannot obtain and maintain effective patent rights for its product candidates, the Resulting Issuer may not be able to compete effectively, and its business and results of operations may be harmed.

The Resulting Issuer may not be able to identify infringements of its anticipated patents and accordingly the enforcement of its intellectual property rights may be difficult.

The drug substance in some of the Resulting Issuer's product candidates is repurposed, which means that it is available in other pharmaceutical products for the purpose of treating indications that are different from the indications for the Resulting Issuer's product candidates. It is possible that if the Resulting Issuer receives regulatory approval to market and sell its drug candidates, some patients that receive a prescription could be sold the same drug substance but not the Resulting Issuer's product candidate. It would be difficult, if not impossible, for the Resulting Issuer to identify such instances that may constitute an infringement of the Resulting Issuer's patents. In addition, because the drug substance of some of the Resulting Issuer's product candidates is repurposed, such substance may not be eligible for patent protection or data exclusivity. Even if the Resulting Issuer identifies infringing parties, there is no guarantee that a court will agree with the Resulting Issuer's arguments and find that a third-party is infringing the Resulting Issuer's patents or that the court will issue an order for an adequate remedy for that infringement.

If the Resulting Issuer is unable to maintain effective proprietary rights for its product candidates, the Resulting Issuer may not be able to compete effectively in its markets.

Despite the protection afforded by any patents that may be granted, trade secrets can be difficult to protect. The Resulting Issuer is anticipated to seek to protect its proprietary technology and processes, in part, by entering into confidentiality agreements with its employees, consultants, scientific advisors, and contractors. The Resulting Issuer is also anticipated to seek to preserve the integrity and confidentiality of its data, trade secrets and intellectual property by maintaining physical security of its premises and physical and electronic security of its information technology systems. Agreements or security measures may be breached, and the Resulting Issuer may not have adequate remedies for any breach. In addition, the Resulting Issuer's potential trade secrets and intellectual property may otherwise become known or be independently discovered by competitors.

The Resulting Issuer will not be expected to provide any assurances that its trade secrets and other confidential proprietary information will not be disclosed in violation of the Resulting Issuer's confidentiality agreements or that competitors will not otherwise gain access to the Resulting Issuer's trade secrets or independently develop substantially equivalent information and techniques. Also, misappropriation or unauthorized and unavoidable disclosure of the Resulting Issuer's trade secrets and intellectual property could impair the Resulting Issuer's competitive position and may have a material adverse effect on its business. Additionally, if the steps taken to maintain the Resulting Issuer's trade secrets and intellectual property are deemed inadequate, the Resulting Issuer may have insufficient recourse against third parties for misappropriating any trade secret.

Intellectual property rights of third parties could adversely affect the Resulting Issuer's ability to commercialize its product candidates, and the Resulting Issuer might be required to litigate or obtain

licenses from third parties in order to develop or market its product candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms.

It is inherently difficult to conclusively assess the Resulting Issuer's freedom to operate without infringing on third-party rights. It is also anticipated that the Resulting Issuer's competitive position may be adversely affected if existing patents or patents resulting from patent applications issued to third parties or other third-party intellectual property rights are held to cover the Resulting Issuer's product candidates or elements thereof, its manufacturing or uses relevant to the Resulting Issuer's development plans. In such cases, the Resulting Issuer may not be in a position to develop or commercialize product candidates or the Resulting Issuer's product candidates unless the Resulting issuer successfully pursues litigation to nullify or invalidate the third-party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may also be pending patent applications that if they result in issued patents, could be alleged to be infringed by the Resulting Issuer's new product candidates. If such an infringement claim should be brought and be successful, it is expected that the Resulting Issuer may be required to pay substantial damages, be forced to abandon its new product candidates or seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

It is also possible that the Resulting Issuer will have failed to identify relevant third-party patents or applications. For example, certain U.S. patent applications that will not be filed outside the United States remain confidential until patents issue. Patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering the Resulting Issuer's new product candidates or platform technology could have been filed by others without the Resulting Issuer's knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover the Resulting Issuer's platform technologies, new product candidates or the use of its new product candidates. Third-party intellectual property right holders may also actively bring infringement claims against the Resulting Issuer. The Resulting Issuer is not expected to guarantee that it will be able to successfully settle or otherwise resolve such infringement claims. If the Resulting Issuer is unable to successfully settle future claims on acceptable terms, the Resulting Issuer may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in pursuing the development of and/or marketing its new product candidates. If the Resulting Issuer fails in any such dispute, in addition to being forced to pay damages, the Resulting Issuer may be temporarily or permanently prohibited from commercializing its new product candidates that are held to be infringing. The Resulting Issuer might, if possible, also be forced to redesign its new product candidates in order to no longer infringe the third-party intellectual property rights. Any of these events, even if the Resulting Issuer were ultimately to prevail, could require the Resulting Issuer to divert substantial financial and management resources that the Resulting Issuer would otherwise be able to devote to its business.

Third-party claims of intellectual property infringement may prevent or delay the Resulting Issuer's development and commercialization efforts.

The Resulting Issuer's commercial success depends in part on the Resulting Issuer avoiding infringement of the patents and proprietary rights of third parties. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which the Resulting Issuer is expected to develop new product candidates. As the industries that the Resulting Issuer operates in expand and more patents are issued, the risk increases that the Resulting Issuer's product candidates may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert that the Resulting Issuer is employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, designs or methods of manufacture related to the use or manufacture of the Resulting Issuer's product candidates. There may be current pending patent applications that may later result in issued patents that the Resulting Issuer's product candidates may infringe. In addition, third parties may obtain patents in the future and claim that use of the Resulting Issuer's technologies infringes upon these patents.

If any third-party patents were held by a court of competent jurisdiction to cover aspects of the Resulting Issuer's formulations, processes for designs, or methods of use, the holders of any such patents may be able to block the Resulting Issuer's ability to develop and commercialize the applicable product candidate unless the Resulting Issuer obtains a license or until such patent expires or is finally determined to be invalid or unenforceable. In either case, such a license may not be available on commercially reasonable terms or at all.

Parties that may make claims against the Resulting Issuer may obtain injunctive or other equitable relief, which could effectively block the Resulting Issuer's ability to further develop and commercialize one or more of its product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from the Resulting Issuer's business. In the event of a successful claim of infringement against the Resulting Issuer in the U.S. or any other relevant jurisdiction, the Resulting Issuer may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, pay royalties, redesign the infringing product candidates or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

Patent policy and rule changes could increase the uncertainties and costs surrounding the prosecution of the Resulting Issuer's patent applications and the enforcement or defense of any issued patents.

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of any patents that may issue from the Resulting Issuer's patent applications, or narrow the scope of the Resulting Issuer's patent protection. The laws of foreign countries may not protect the Resulting Issuer's rights to the same extent as the laws of the United States. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. It is expected that the Resulting Issuer, therefore, cannot be certain that it would have been the first to file the invention claimed in the Resulting Issuer's owned and licensed patents or pending applications, or that the Resulting Issuer or its licensor(s) would have been the first to file for patent protection of such inventions. Assuming all other requirements for patentability are met, in the United States prior to 2013, the first to make the claimed invention without undue delay in filing, is entitled to the patent, while outside the United States, the first to file a patent application is entitled to the patent. After 2013, the United States moved to a first to file system. Changes in patent litigation could increase the uncertainties and costs surrounding the prosecution of the Resulting Issuer's anticipated patent applications and the enforcement or defense of any issued patents, all of which could have a material adverse effect on the Resulting Issuer's business and financial condition.

It is anticipated that the Resulting Issuer may be involved in lawsuits to protect or enforce its intellectual property, which could be expensive, time consuming, and unsuccessful.

Competitors may infringe the Resulting Issuer's anticipated intellectual property. If the Resulting Issuer were to initiate legal proceedings against a third-party to enforce an anticipated patent covering one of the Resulting Issuer's new product candidates, the defendant could counterclaim that the patent covering the Resulting Issuer's product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The validity of U.S. patents may also be challenged in post-grant proceedings before the USPTO. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

Derivation proceedings initiated by third parties or expected to be brought by the Resulting Issuer may be necessary to determine the priority of inventions and/or their scope with respect to the Resulting Issuer's anticipated patent or patent applications or those of the Resulting Issuer's licensors. An unfavorable outcome could require the Resulting Issuer to cease using the related technology or to attempt to license

rights to it from the prevailing party. The Resulting Issuer's business could be harmed if the prevailing party does not offer the Resulting Issuer a license on commercially reasonable terms. The Resulting Issuer's defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract the Resulting Issuer's management and other employees. In addition, the uncertainties associated with litigation could have a material adverse effect on the Resulting Issuer's ability to raise the funds necessary to continue its clinical trials, continue its research programs, license necessary technology from third parties, or enter into development partnerships that would help the Resulting Issuer bring its new product candidates to market.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is an anticipated risk that some of the Resulting Issuer's confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of the Resulting Issuer Shares.

The Resulting Issuer may be subject to claims challenging the inventorship of its intellectual property.

It is anticipated that the Resulting Issuer may be subject to claims that former employees, collaborators or other third parties have an interest in, or right to compensation, with respect to the Resulting Issuer's future patents and patent applications or other intellectual property as an inventor or co-inventor. For example, the Resulting Issuer may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing the Resulting Issuer's product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship or claiming the right to compensation. If the Resulting Issuer fails in defending any such claims, in addition to paying monetary damages, the Resulting Issuer may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on the Resulting Issuer's business. Even if the Resulting Issuer is successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

The Resulting Issuer may not be able to protect its intellectual property rights throughout the world.

Filing, prosecuting, and defending patents on product candidates, as well as monitoring their infringement in all countries throughout the world would be prohibitively expensive, and the Resulting Issuer's intellectual property rights in some countries can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States.

It is expected that competitors may use the Resulting Issuer's technologies in jurisdictions where the Resulting Issuer has not obtained patent protection to develop their own products and may also export otherwise infringing products to territories where the Resulting Issuer has patent protection, but enforcement is not as strong as that in the United States. These products may compete with the Resulting Issuer's product candidates. Future patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, which could make it difficult for the Resulting Issuer to stop the marketing of competing products in violation of the Resulting Issuer's proprietary rights generally. Proceedings to enforce the Resulting Issuer's patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert the Resulting Issuer's efforts and attention from other aspects of its business, could put the Resulting Issuer's future patents at risk of being invalidated or interpreted narrowly and its future patent applications at risk of not issuing and could provoke third parties to assert claims against the Resulting Issuer. The Resulting Issuer may not prevail in any lawsuits that it may initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, the Resulting Issuer's efforts to monitor and enforce

its intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that the Resulting Issuer develops or licenses.

Risks Related to the Resulting Issuer's Pharmaceutical Business Operations

From time to time, the Resulting Issuer may sign letters of intent and/or enter into term sheets or other similar arrangements that are subject to negotiation of definitive agreements. There can be no assurance that the Resulting Issuer will enter into any such definitive agreements. Similarly, the Resulting Issuer may strategically invest in transactions from time to time, and there can be no assurance that the value such investments will increase or that it will not fluctuate.

From time to time, the Resulting Issuer may sign letters of intent and/or enter into term sheets or other similar arrangements that are subject to negotiation of definitive agreements. The Resulting Issuer may never enter into definitive agreements after signing a letter of intent and/or entering into a term sheet or other similar arrangement for a multitude of reasons, including, but not limited to, regulatory, operational, financial and other considerations. There may also be forces outside of the Resulting Issuer's control that have an effect on the Resulting Issuer's ability or decision as to whether it enters into such definitive agreements. As a result, there can be no assurance that upon signing a letter of intent and/or entering into a term sheet or similar arrangement, that the Resulting Issuer will enter into definitive documents. This could have a material adverse effect on the Resulting Issuer's reputation and could cause the Resulting Issuer to incur expenses if any legal claims arise as a result thereof.

Similarly, the Resulting Issuer may strategically invest into various pharmaceutical companies. However, the Resulting Issuer can offer no assurance that the value of its investment will increase or that it will not fluctuate because the value of its investments may be adversely affected by a number of factors, such as negative changes in a company's results of operations, cash flow, financial position and accounting impairment. The potential benefits of agreements with potential ventures may not materialize or may not be realized to the full extent, in a timely fashion, or at all, which may have a material adverse effect on the Resulting Issuer's results of operations, cash flow and financial position.

The Resulting Issuer will need to expand its organization and as such the Resulting Issuer may experience difficulties in recruiting needed additional employees and consultants, which could disrupt its operations.

As the Resulting Issuer's development and commercialization plans and strategies develop and because the Resulting Issuer is expected to be so leanly staffed, the Resulting Issuer will need additional managerial, operational, sales, marketing, financial, legal and other resources. The competition for qualified personnel in the pharmaceutical field is intense. Due to this intense competition, it is anticipated that the Resulting Issuer may be unable to attract and retain qualified personnel necessary for the development of its business or to recruit suitable replacement personnel.

It is anticipated that the Resulting Issuer's management may need to divert a disproportionate amount of its attention away from its day-to-day activities and devote a substantial amount of time to managing these growth activities. The Resulting Issuer may not be able to effectively manage the expansion of its operations, which may result in weaknesses in the Resulting Issuer's infrastructure, operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. The Resulting Issuer's expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional pharmaceutical product candidates. If the Resulting Issuer's management is unable to effectively manage growth, the Resulting Issuer's expenses may increase more than expected, its ability to generate and/or grow revenue could be reduced and the Resulting Issuer may not be able to implement its business strategy. The Resulting Issuer's anticipated future financial performance and its ability to commercialize pharmaceutical product candidates and compete effectively will depend, in part, on the Resulting Issuer's ability to effectively manage any future growth.

The Resulting Issuer may not be successful in its efforts to identify, license or discover additional pharmaceutical product candidates.

Although a substantial amount of the Resulting Issuer's effort are expected to focus on the continued clinical testing, potential approval and commercialization of its pharmaceutical product candidates, the success of the Resulting Issuer's business also depends in part upon its ability to identify, license or discover additional pharmaceutical product candidates. The Resulting Issuer's anticipated research programs or licensing efforts may fail to yield additional pharmaceutical product candidates for clinical development for a number of reasons, including but not limited to the following:

- the Resulting Issuer's anticipated research or business development methodology or search criteria and process may be unsuccessful in identifying potential pharmaceutical product candidates;

- the Resulting Issuer may not be able or willing to assemble sufficient resources to acquire or discover additional pharmaceutical product candidates;

- the Resulting Issuer's pharmaceutical product candidates may not succeed in pre-clinical or clinical testing;

- the Resulting Issuer's pharmaceutical product candidates may be shown to have harmful side effects or may have other characteristics that may make the pharmaceutical products unmarketable or unlikely to receive marketing approval;

- competitors may develop alternatives that render the Resulting Issuer's pharmaceutical product candidates obsolete or less attractive;

- pharmaceutical product candidates the Resulting Issuer develops may be covered by third parties' patents or other exclusive rights;

- the market for a pharmaceutical product candidate may change during the Resulting Issuer's program so that such a pharmaceutical product may become unreasonable to continue to develop;

- a pharmaceutical product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and

- a pharmaceutical product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors.

If any of these events occur, it is anticipated that the Resulting Issuer may be forced to abandon its development efforts for a program or programs, or may not be able to identify, license or discover additional pharmaceutical product candidates, which would have a material adverse effect on the Resulting Issuer's business and could potentially cause the Resulting Issuer to cease operations. Research programs to identify new pharmaceutical product candidates require substantial technical, financial and human resources. The Resulting Issuer may focus its efforts and resources on potential programs or pharmaceutical product candidates that ultimately prove to be unsuccessful.

The Resulting Issuer may be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, false claims laws and health information privacy and security laws. If the Resulting Issuer is unable to comply, or has not fully complied, with such laws, the Resulting Issuer could face substantial penalties.

If the Resulting Issuer obtains FDA approval for any of its pharmaceutical product candidates and begins commercializing those pharmaceutical products in the United States, the Resulting Issuer's operations may be directly or indirectly through its customers, subject to various federal and state fraud and abuse laws, including, without limitation, the federal AKS, the federal *False Claims Act* and physician sunshine laws and

regulations. These laws may impact, among other things, the Resulting Issuer's proposed sales, marketing and education programs. In addition, the Resulting Issuer may be subject to patient privacy regulation by both the federal government and the states in which the Resulting Issuer conducts business. The laws that may affect the Resulting Issuer's ability to operate include:

- the federal AKS, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs;

- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid or other third-party payors that are false or fraudulent;

- the *Health Insurance Portability and Accountability Act of 1996* ("**HIPAA**") which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters;

- HIPAA, as amended by the *Health Information Technology and Clinical Health Act* ("**HITECH**") and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information;

- the federal physician sunshine requirements under the ACA requires manufacturers of drugs, devices and medical supplies to report annually to the U.S. DHHS information related to payments and other transfers of value to physicians, other healthcare providers and teaching hospitals and ownership and investment interests held by physicians and other healthcare providers and their immediate family members and applicable group purchasing organizations; and

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers, state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of the Resulting Issuer's business activities could be subject to challenge under one or more of such laws. In addition, recent health care reform legislation has strengthened these laws. For example, the ACA, among other things, amends the intent requirement of the federal anti-kickback and criminal healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. Moreover, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the federal AKS constitutes a false or fraudulent claim for purposes of the *False Claims Act*.

If the Resulting Issuer's operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to the Resulting Issuer, the Resulting Issuer may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from participation in government health care programs, such as Medicare and Medicaid, imprisonment and the curtailment or restructuring of its operations, any of which could adversely affect the Resulting Issuer's ability to operate its business and its results of operations.

Widespread public health pandemics could have a material and adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Any public health pandemic or other disease outbreak in countries where the Resulting Issuer or its CROs are expected to operate could have a material and adverse effect on the Resulting Issuer's business, financial condition and results of operations.

The Resulting Issuer's operating results and financial condition may also be materially and adversely affected by laws, regulations, orders or other governmental or regulatory actions addressing widespread public health concerns that may place restrictions on, or require the Resulting Issuer to make changes to, its operations. For example, a significant reduction in the Resulting Issuer's workforce and the Resulting Issuer's compliance with instructions imposed by relevant authorities may harm the Resulting Issuer's ability to continue operating its business and materially and adversely affect its operations and financial condition. In addition, the impact of a widespread public health crisis may cause delays to the Resulting Issuer's future research and development operations, including but not limited to pharmaceutical products development, manufacturing, pre-clinical and clinical trials, and may make it difficult for the Resulting Issuer to recruit patients to all of its clinical trials, and keep all of the Resulting Issuer's research and development projects on time.

With respect to the Resulting Issuer's suppliers, disruptions resulting from the event of a future widespread public health crisis may result in cancellations or delays and increased transport times for delivery of materials to the Resulting Issuer's facilities. If such difficulties arise, it is anticipated that the Resulting Issuer may need to seek alternate suppliers, which may be more expensive, may not be available or may result in delays in shipments to the Resulting Issuer.

Disruptions to the Resulting Issuer's business as a result of a widespread public health crisis, as well as any global recession resulting from the impact of such a crisis, could materially and adversely affect the Resulting Issuer's business, financial condition and results of operations.

The use of any of the Resulting Issuer's pharmaceutical product candidates and marketed products could result in product liability or similar claims that could be expensive, damage the Resulting Issuer's anticipated reputation and harm its business.

The Resulting Issuer's business exposes the Resulting Issuer to an inherent risk of potential pharmaceutical product liability or similar claims. The pharmaceutical and nutraceuticals industries have historically been litigious, and the Resulting Issuer is expected to face financial exposure to pharmaceutical product liability or similar claims if the use of any of its pharmaceutical products were to cause or contribute to injury or death. There is also the possibility that defects in the design or manufacture of any of the Resulting Issuer's pharmaceutical products might necessitate a pharmaceutical product recall. Although it is expected that the Resulting Issuer plans to maintain pharmaceutical product liability insurance, the coverage limits of these policies may not be adequate to cover future claims. In the future, the Resulting Issuer may be unable to maintain pharmaceutical product liability insurance on acceptable terms or at reasonable costs and such insurance may not provide the Resulting Issuer with adequate coverage against potential liabilities. A pharmaceutical product liability claim, regardless of merit or ultimate outcome, or any pharmaceutical product recall could result in substantial costs to the Resulting Issuer, damage to the Resulting Issuer's reputation, customer dissatisfaction and frustration and a substantial diversion of management attention. A successful claim brought against the Resulting Issuer in excess of, or outside of, the Resulting Issuer's insurance coverage could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

If the Resulting Issuer fails to comply with environmental, health and safety laws and regulations, the Resulting Issuer could be expected to become subject to fines or penalties or incur costs that could have a material adverse effect on the success of the Resulting Issuer's business.

The Resulting Issuer's research and development activities and its third-party manufacturers' and suppliers' activities involve the controlled storage, use and disposal of hazardous materials, including the components

of the Resulting Issuer's pharmaceutical product candidates and other hazardous compounds. It is expected that the Resulting Issuer and its manufacturers and suppliers will be subject to laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. In some cases, these hazardous materials and various wastes resulting from their use are expected to be stored at the Resulting Issuer's and its manufacturers' facilities pending their use and disposal. It is not expected that the Resulting Issuer will be able to eliminate the risk of contamination, which could cause an interruption of the Resulting Issuer's commercialization efforts, research and development efforts, business operations and environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste pharmaceutical products. Although the Resulting Issuer is expected to believe that the safety procedures utilized by the Resulting Issuer's third-party manufacturers for handling and disposing of these materials generally comply with the standards prescribed by these laws and regulations, the Resulting Issuer is not expected to guarantee that this is the case or eliminate the risk of accidental contamination or injury from these materials. In such an event, it is anticipated that the Resulting Issuer may be held liable for any resulting damages and such liability could exceed the Resulting Issuer's resources and state or federal or other applicable authorities may curtail the Resulting Issuer's use of certain materials and/or interrupt the Resulting Issuer's business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. It is not expected that the Resulting Issuer can predict the impact of such changes and cannot be certain of its future compliance. It is not expected that the Resulting Issuer will carry biological or hazardous waste insurance coverage.

Risks Related to the Target Shares

The Resulting Issuer may be unable to successfully pursue, integrate, or execute upon the anticipated eCommerce operations business of the Resulting Issuer.

In September 2022, SciSparc purchased Wellution™, a business and brand which sells hemp-seeds oil based products on the Amazon.com marketplace. It is anticipated that the Resulting Issuer's management will have limited prior experience in eCommerce business operations. There can be no assurance that the Resulting Issuer will be able to successfully implement its new business ventures or successfully operate within this industry. The successful integration of a new business also depends on the Resulting Issuer's ability to manage the new business, realize forecasted synergies and full value from the combined business. The Resulting Issuer's business, results of operations, financial condition and cash flows could be materially and adversely affected if the Resulting Issuer is unable to successfully integrate Wellution into its operations and any inability to do so may also hinder the Resulting Issuer's ability to grow, divert the attention of management and key personnel, disrupt business and impair financial results.

The eCommerce operations of the Resulting Issuer rely on the Amazon.com marketplace and fulfillment by Amazon.com and changes to the Amazon.com marketplace, Amazon's services and their terms of use may harm the Resulting Issuer's business.

Wellution's products are sold predominantly on Amazon Marketplace and orders are fulfilled entirely by Amazon Marketplace utilizing the fulfilled by Amazon, or FBA, model. In order to continue to utilize Amazon Marketplace and FBA, the Resulting Issuer must comply with the applicable policies and terms of use relating to these services. Such policies and terms of use may be altered or amended at Amazon Marketplace's sole discretion, including changes regarding the cost of securing these services, and changes that increase the burden of compliance with its requirements, may cause us to significantly alter the Resulting Issuer's business model or incur additional costs in order to comply, which could negatively impact the Resulting Issuer's results of operations. Non-compliance with applicable terms of use and policies can result in the removal of one or more products from the marketplace and suspension of fulfillment services either of which could have a material adverse effect on our business and results of our operations. In February 2024, Wellution was in non-compliance with changes in Amazon's policies concerning claims associated with vitamin and cosmetic products. The new Amazon policy mandated that no claims, in any form, could be displayed on the product label, in the Amazon listing, or within the product descriptions. For instance, phrases such as "Our Keto Weight Loss Gummy Bear Reduces Appetite" were no longer permissible. Instead, it was required to describe the product using terminology such as "Keto Gummy Bears

For A Healthy Lifestyle". Due to the extensive descriptions present on both the Amazon listing and the product label itself, it took several weeks to achieve a comprehensive understanding of Amazon's new requirements. Moreover, each word within the description required prior approval from the Amazon team, with revision responses typically taking several days or longer. Often, these responses originated from automated systems, lacking the clarity and specificity needed for effective resolution. To navigate this process efficiently, Amazon experts were engaged to assist with the necessary adjustments. As a result, all products sold by Wellution were removed for sale from the marketplace and product labels were updated, a process that spanned several weeks to complete and caused the sales on the Wellution platform to dramatically decrease for such period. Since implementing these changes and resolving the issue, Wellution has experienced no further instances of non-compliance and remains committed to maintaining compliance. However, there is no guarantee that similar issues will not arise in the future, which could lead to product removal from the marketplace or suspension of fulfillment services, adversely impacting its business and operational outcomes.

The anticipated eCommerce operations of the Resulting Issuer rely on other information technologies and systems to operate its business and to maintain its competitiveness, and any failure to invest in and adapt to technological developments and industry trends could harm the Resulting Issuer's business.

The Resulting Issuer is anticipated to depend on sophisticated information technologies and systems, technology and systems used for Wellution's websites and apps, customer service, logistics and fulfillment, supplier connectivity, communications and administration. As the Resulting Issuer's operations are expected to grow in size, scope and complexity, the Resulting Issuer will need to continuously improve and upgrade its systems and infrastructure to offer an increasing number of consumer-enhanced services, features and functionalities, while maintaining and improving the reliability and integrity of its systems and infrastructure.

The Resulting Issuer's future success also depends on its ability to use A.I. tools and infrastructure, including logistics and fulfillment platform which leverages, to meet rapidly evolving eCommerce trends and demands. It is anticipated that the emergence of alternative platforms may require the Resulting Issuer to continue to invest in new and costly technology. The Resulting Issuer may not be successful, or may be less successful than its competitors, in adopting technologies that operate effectively across multiple eCommerce platforms, which would negatively impact the Resulting Issuer's business and financial performance. New developments in other areas, such as cloud computing providers, could also make it easier for competitors to enter the Resulting Issuer's markets due to lower up-front technology costs. In addition, the Resulting Issuer may not be able to maintain its existing systems or replace current systems or introduce new technologies and systems as quickly or cost effectively as the Resulting Issuer would like. Failure to invest in and adapt to technological developments and industry trends may have a material adverse effect on the Resulting Issuer's business, results of operations, financial condition and prospects.

The eCommerce operations of the Resulting Issuer rely on data provided by third parties, the loss of which could limit the functionality of its platforms, cause the Resulting Issuer to invest in the wrong product or disrupt its business.

The Resulting Issuer is expected to use third-party software to determine market trends and what markets to enter into. The Resulting Issuer's ability to successfully use this software depends on its ability to analyze and utilize data, including search engine results, provided by unaffiliated third parties, primarily, Google and Amazon. Some of this data will be provided to the Resulting Issuer pursuant to third-party data sharing policies and terms of use, under data sharing agreements by third-party providers or by customer consent. The majority of this data is expected to be sourced for free or for de minimis amounts. These sources of data is expected to allow the Resulting Issuer, along with A.I. tools, to determine trends, performance and consumer sentiment on products and searches within eCommerce platforms. This functionality is expected to allow the Resulting Issuer to help determine which products to market, in some cases manufacture through contract manufacturers, import and sell on eCommerce marketplaces. The connection to multiple eCommerce platforms through application programming interfaces allow the Resulting Issuer to develop the automation of the purchase of marketing and automate the change of pricing of product listings on those eCommerce platforms.

In the future, any of these third parties could change its data sharing policies, including making them more restrictive, charging fees or altering its algorithms that determine the placement, display and accessibility of search results and social media updates, any of which could result in the loss of, or significant impairment to, the Resulting Issuer's ability to collect useful data. These third parties could also interpret the Resulting Issuer's, or its service providers', data collection policies or practices as being inconsistent with their policies, which could result in the loss of the ability to collect this data. Privacy concerns may cause end users to resist providing the personal data necessary to allow the Resulting Issuer to determine market trends as well as its ability to effectively retain existing customers. Privacy advocacy groups and the technology and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on the Resulting Issuer. Any such changes could impair the Resulting Issuer's ability to use data and could adversely impact select functionality of the Resulting Issuer's proprietary software, impairing its ability to use this data to anticipate customer demand and market trends, as well as adversely affecting its business and its ability to generate revenue.

The eCommerce operations of the Resulting Issuer depends on its ability to build and maintain strong product listings on eCommerce platforms. The Resulting Issuer may not be able to maintain and enhance its product listings if the Resulting Issuer receives a substantial number of customer complaints, negative publicity or otherwise fails to live up to customers' expectations, any of which could materially and adversely affect the Resulting Issuer's business, results of operations and growth prospects.

Maintaining and enhancing the Resulting Issuer's product listings is critical in expanding and growing its business. However, a significant portion of the Resulting Issuer's perceived performance to the customer depends on third parties outside of the Resulting Issuer's control, including suppliers and logistics providers such as FedEx, UPS, postal services and other third-party delivery agents and online retailers, mainly Amazon. Because the Resulting Issuer's agreements with its online retail partners are expected to be generally terminable at will, the Resulting Issuer may be unable to maintain these relationships, and results of operations could fluctuate significantly from period to period. Because the Resulting Issuer relies on third-party logistics companies to deliver its products, such deliveries may be subject to shipping delays or disruptions caused by inclement weather, natural disasters, labor activism, health epidemics or bioterrorism. In addition, because the Resulting Issuer is anticipated to rely on national, regional and local transportation companies for the delivery of some of its other products, the Resulting Issuer is also anticipated to be subject to risks of breakage or other damage during delivery by any of these third parties. If these third parties do not meet the Resulting Issuer's or its customers' expectations, the Resulting Issuer's brands may suffer irreparable damage. In addition, maintaining and enhancing the Resulting Issuer's brands may require the Resulting Issuer to make substantial investments, and these investments may not yield sufficient returns. If the Resulting Issuer fails to promote and maintain its brands, or if the Resulting Issuer incurs excessive expenses in this effort, its business, operating results and financial condition may be materially and adversely affected. The Resulting Issuer anticipates that, as the Resulting Issuer's market becomes increasingly competitive, maintaining and enhancing its brands may become increasingly difficult and expensive. Maintaining and enhancing the Resulting Issuer's brands will depend largely on the Resulting Issuer's ability to anticipate market trends and customer demand and to provide high-quality products to its customers and a reliable, trustworthy and profitable sales channel to its suppliers, which the Resulting Issuer may not be able to do successfully.

A substantial number of customer complaints or negative publicity about the Resulting Issuer's sites, products, delivery times, customer data handling and security practices or customer support, especially on blogs, social media websites or the Resulting Issuer's sites, could rapidly and severely diminish consumer views of the Resulting Issuer's products and result in harm to its brands. Customers may also make safety-related claims regarding products sold through the Resulting Issuer's online retail partners, such as Amazon, which may result in an online retail partner removing the product from its marketplace. Such removal may materially impact the Resulting Issuer's financial results depending on the product that is removed and length of time that it is removed. The Resulting Issuer is also expected to use and rely on other services from third parties, and those services may be subject to outages and interruptions that are not within the Resulting Issuer's control.

The anticipated eCommerce operations' efforts of the Resulting Issuer to acquire or retain customers, and its efforts to sell products, may not be successful, which could prevent the Resulting Issuer from maintaining or increasing sales and achieving profitability.

If the Resulting Issuer does not successfully promote and sustain its product listings and brands through marketing and other tools, the Resulting Issuer may fail to maintain or increase its sales and achieve profitability. Promoting and positioning the Resulting Issuer's brands and product listings will depend largely on the success of the Resulting Issuer's marketing efforts, its ability to attract customers effectively and its ability to consistently provide a high-quality product and maintain consumer satisfaction. The Resulting Issuer is also expected to use promotions to drive sales, which may not be effective and may adversely affect gross margins. The Resulting Issuer's investments in marketing may not effectively reach potential customers, potential customers may decide not to buy the Resulting Issuer's products or the spending of customers that purchase from the Resulting Issuer may not yield the intended return on investment, any of which could negatively affect the Resulting Issuer's financial results. The failure of the Resulting Issuer's marketing activities could also adversely affect the Resulting Issuer's ability to promote its product listings and sell its products, and to develop and maintain relationships with its customers, retailers and brands, which may have a material adverse effect on the Resulting Issuer's business, results of operations, financial condition and prospects.

If the eCommerce operations of the Resulting Issuer fail to offer high-quality customer support, the Resulting Issuer's business and reputation may suffer.

High-quality education and training of customer support personnel to deliver high-quality customer support are important for the successful retention of existing customers. Providing this education, training and support requires that the Resulting Issuer's support personnel have specific knowledge and expertise of the Resulting Issuer's products and markets, making it more difficult for the Resulting Issuer to hire experienced personnel and to scale up its support operations. The importance of high-quality customer support will increase as the Resulting Issuer anticipates to expand its business and pursue new customers. If the Resulting Issuer does not provide effective and timely ongoing support, its ability to retain existing customers may suffer, and its reputation with existing or potential customers may be harmed, which would have a material adverse effect on the Resulting Issuer's business, results of operations, financial condition and prospects.

The eCommerce operations' efforts of the Resulting Issuer to expand its business into new brands, products, services, technologies and geographic regions will subject the Resulting Issuer to additional business, legal, financial and competitive risks and may not be successful.

Wellution's business success will depend to some extent on the Resulting Issuer's ability to expand its consumer offerings by launching new brands, products and services and by expanding such offerings into new geographic regions. It is anticipated that the Resulting Issuer's strategy is to use its skills to determine which markets to enter and optimize the mix of products and services that it offers.

Launching new brands, products and services requires significant upfront investments, including investments in marketing (namely digital marketing and Pay Per Click (PPC)), information technology and additional personnel. The Resulting Issuer is anticipated to operate in highly competitive industries with relatively low barriers to entry and must compete successfully in order to grow its business. The Resulting Issuer may not be able to generate satisfactory revenue from these efforts to offset these costs. Any lack of market acceptance of the Resulting Issuer's efforts to launch new brands, products or services or to expand its existing offerings could have a material adverse effect on the Resulting Issuer's business, prospects, financial condition and results of operations. Further, as the Resulting Issuer is expected to continue to expand its fulfillment capability or add new businesses with different requirements, the Resulting Issuer's logistics networks will become increasingly complex and operating them will become more challenging. There can be no assurance that the Resulting Issuer will be able to operate such networks effectively.

The Resulting Issuer may continue to enter new markets and provide product offerings in which the Resulting Issuer has limited or no experience, which may not be successful or appealing to customers.

The eCommerce consumer products goods industry is subject to evolving standards and practices, as well as changing consumer needs, requirements and preferences. The Resulting Issuer's ability to attract new customers and increase revenue from then-existing customers depends, in part, on its ability to enhance and improve its then-existing tools that enable the Resulting Issuer to pinpoint new markets and introduce new products. The success of any enhancements or new instruments depends on, in part, market-accepted pricing levels and overall market acceptance. The Resulting Issuer may not be successful in these efforts, which could result in significant expenditures that could impact the Resulting Issuer's revenue or distract management's attention from current offerings.

Increased emphasis on the sale of new products could distract the Resulting Issuer from sales of its then-existing products in existing markets, negatively affecting overall sales. The Resulting Issuer expects to continue to invest in new businesses, products, features, services and technologies. Such endeavors may involve significant risks and uncertainties, including insufficient revenue from such investments to offset any new liabilities assumed and expenses associated with these new investments, inadequate return of capital on investments, distraction of management from current operations and unidentified issues not discovered in the Resulting Issuer's due diligence of such investments that could cause the Resulting Issuer to fail to realize the anticipated benefits of such investments and incur unanticipated liabilities. Because these new strategies and offerings are inherently risky, no assurance can be given that they will be successful. The Resulting Issuer's anticipated features or enhancements could fail to attain sufficient market acceptance for many reasons, including:

- delays in introducing products in new markets;
- failure to accurately predict market demand or end consumer preferences;
- introduction of competing products;
- poor financial conditions for the Resulting Issuer's customers or poor general macroeconomic conditions;
- changes in legal or regulatory requirements, or increased legal or regulatory scrutiny, adversely affecting the Resulting Issuer's products;
- failure of the Resulting Issuer's anticipated brands, products, digital promotion activities or negative publicity about the performance or effectiveness of its then-existing brands and products; and
- disruptions or delays in the online retailers and, or in addition to, logistics providers distributing the Resulting Issuer's products.

There is no assurance that the Resulting Issuer will expect to successfully identify new opportunities or develop and bring new products to market on a timely basis, which could materially and adversely affect the Resulting Issuer's business and operating results and compromise its ability to generate revenue.

The eCommerce operations' use of social media and email by the Resulting Issuer may adversely impact its reputation or subject the Resulting Issuer to fines or other penalties.

The Resulting Issuer is anticipated to use social media and email as part of its digital marketing efforts. As laws and regulations rapidly evolve to govern the use of these channels, the failure by the Resulting Issuer, its employees or third parties acting on its behalf to abide by applicable laws and regulations in the use of these channels could adversely affect the Resulting Issuer's reputation or subject the Resulting Issuer to fines or other penalties. In addition, the Resulting Issuer's employees or third parties acting on its behalf may knowingly or inadvertently make use of social media in ways that could lead to the loss or infringement

of intellectual property, as well as the public disclosure of proprietary, confidential or sensitive personal information of the Resulting Issuer's business, employees, customers or others. Any such inappropriate use of social media or email could also cause reputational damage.

Customers value readily available information concerning retailers and their goods and services and often act on such information without further investigation and with no regard to its accuracy. The Resulting Issuer's potential customers may engage through the Resulting Issuer's social media platforms, including Facebook and Instagram, by providing feedback and public commentary about all aspects of the Resulting Issuer's business. Information concerning the Resulting Issuer or its retailers and brands, whether accurate or not, may be posted on social media platforms at any time and may have a disproportionately adverse impact on the Resulting Issuer's brand, reputation or business. The harm may be immediate without affording the Resulting Issuer an opportunity for redress or correction and could have a material adverse effect on the Resulting Issuer's business, results of operations, financial condition and prospects.

With respect to the eCommerce operations of the Resulting Issuer, if the Resulting Issuer's emails are not delivered and accepted or are routed by email providers less favorably than other emails, or the Resulting Issuer's sites or mobile applications are not accessible or are treated disadvantageously by Internet service providers, the Resulting Issuer's business may be substantially harmed.

If email providers or Internet service providers ("**ISPs**"), implement new restrictive email or content delivery or accessibility policies, including with respect to net neutrality, or begin enforcement of existing policies, it may become more difficult for the Resulting Issuer to deliver emails to its customers or for customers to access the Resulting Issuer's sites, products and services. For example, certain email providers, including Google, may categorize the Resulting Issuer's emails as "promotional", and these emails are directed to an alternate, and less readily accessible, section of a customer's inbox. If email providers materially limit or halt the delivery of the Resulting Issuer's emails, or if the Resulting Issuer fails to deliver emails to customers in a manner compatible with email providers' email handling or authentication technologies, the Resulting Issuer's ability to contact customers through email could be significantly restricted. In addition, if the Resulting Issuer is placed on "spam" lists or lists of entities that have been involved in sending unwanted, unsolicited emails, the Resulting Issuer's operating results and financial condition could be substantially harmed. Further, if ISPs prioritize or provide superior access to the Resulting Issuer's competitors' content, the Resulting Issuer's business and results of operations may be negatively impacted.

The eCommerce operations of the Resulting Issuer are subject to risks related to online payment methods.

The Resulting Issuer is expected to accept payments using a variety of methods, including credit card, debit card, PayPal, Payoneer, credit accounts (including promotional financing) and gift cards. For certain payment methods, including credit and debit cards, the Resulting Issuer is expected to pay interchange and other fees, which may increase over time and raise the Resulting Issuer's operating costs and lower profitability. In addition, the Resulting Issuer's credit card and other payment processors could impose receivable holdback or reserve requirements in the future. The Resulting Issuer is expected to rely on third parties to provide payment processing services, including the processing of credit cards and debit cards, and it could disrupt the Resulting Issuer's business if these companies become unwilling or unable to provide these services to the Resulting Issuer. The Resulting Issuer is also expected to be subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for the Resulting Issuer to comply. If the Resulting Issuer fails to comply with the rules or requirements of any provider of a payment method that the Resulting Issuer accepts, if the volume of fraud in the Resulting Issuer's transactions limits or terminates the Resulting Issuer's rights to use payment methods it currently accepts, or if a data breach occurs relating to the Resulting Issuer's payment systems, the Resulting Issuer may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, the Resulting Issuer's ability to accept credit card or debit card payments from customers or to facilitate other types of online payments. If any of these events were to occur, the Resulting Issuer's business, financial condition and operating results could be materially and adversely affected.

With respect to the eCommerce operations of the Resulting Issuer, if the Resulting Issuer is unable to manage its inventory effectively, the Resulting Issuer's operating results could be adversely affected.

To ensure timely delivery of products, the Resulting Issuer is anticipated to generally enter into purchase orders in advance with manufacturers. As a result, the Resulting Issuer may be vulnerable to demand and pricing shifts and to suboptimal selection and timing of product purchases. The Resulting Issuer is anticipated to rely on its procurement team to order products and is further anticipated to rely on its data analytics to inform the levels of inventory that the Resulting Issuer will purchase, including when to reorder items that are selling well and when to write off items that are not selling well. In these instances, the Resulting Issuer may be unable to always predict the appropriate demand for its products by customers with accuracy, which may result in inventory shortages, inventory write-offs and lower gross margins.

If the Resulting Issuer's sales and procurement teams do not predict demand well or if the Resulting Issuer's algorithms do not help it reorder the right products or write off the right products timely, the Resulting Issuer may not effectively manage its inventory, which could result in inventory excess or shortages, and the Resulting Issuer's operating results and financial condition could be adversely affected.

The eCommerce operations of the Resulting Issuer, including the costs and supply chain, are subject to risks associated with sourcing, importing and warehousing.

The Resulting Issuer is anticipated to source the products it offers from third-party vendors and, as a result, the Resulting Issuer may be subject to price fluctuations or demand disruptions. The Resulting Issuer's operating results could be negatively impacted by increases in the prices of its products, and the Resulting Issuer has no guarantees that prices will not rise. In addition, as the Resulting Issuer expands into new categories and types of products, the Resulting Issuer expects that it may not have strong purchasing power in these new areas, which could lead to higher costs than the Resulting Issuer has historically seen in its current product categories and types. The Resulting Issuer may not be able to pass increased costs on to customers, which could adversely affect its operating results.

In addition, the Resulting Issuer cannot guarantee that products received from vendors will be of sufficient quality or free from damage or defects, or that such merchandise will not be damaged during shipping or storage. While the Resulting Issuer is expected to take measures to ensure product quality and avoid damage, including evaluating vendor facilities, operations and product samples, conducting inventory inspections and inspecting returned products, the Resulting Issuer is not expected to control merchandise while it is out of its possession or prevent all damage while in its distribution centers. The Resulting Issuer may incur additional expenses and its reputation could be harmed if current or potential customers believe that the Resulting Issuer's merchandise is not of high-quality or may be damaged.

Risks associated with the suppliers from whom the Resulting Issuer's products are expected to be sourced could materially and adversely affect the Resulting Issuer's financial performance, as well as its reputation and brand.

It is anticipated that the Resulting Issuer will depend on its ability to provide its customers with a wide range of products from high-quality suppliers in a timely and efficient manner. It is further anticipated that the Resulting Issuer's agreements with most of its suppliers will not provide for the long-term availability of merchandise or the continuation of particular pricing practices, nor do they usually restrict such suppliers from selling products to other buyers or directly themselves. There can be no assurance that the Resulting Issuer's anticipated suppliers will continue to seek to sell the Resulting Issuer's products on then-current terms or that the Resulting Issuer will be able to establish new or otherwise extend current supply relationships to ensure product acquisitions in a timely and efficient manner and on acceptable commercial terms. The Resulting Issuer's ability to develop and maintain relationships with reputable suppliers and offer high-quality products to its customers is critical to the Resulting Issuer's success. If the Resulting Issuer is unable to develop and maintain relationships with suppliers that would allow the Resulting Issuer to offer a sufficient amount and variety of quality products on acceptable commercial terms, the Resulting Issuer's ability to satisfy its customers' needs, and therefore its long-term growth prospects, would be materially and adversely affected.

The Resulting Issuer expects to be unable to predict whether any of the countries in which its suppliers' products may be manufactured in the future will be subject to trade restrictions imposed by the Canadian or foreign governments or the likelihood, type or effect of any such restrictions. Any event causing a disruption or delay of imports from suppliers with international manufacturing operations, including the imposition of additional import restrictions, restrictions on the transfer of funds or increased tariffs or quotas, could increase the cost or reduce the supply of merchandise available to customers and materially and adversely affect the Resulting Issuer's financial performance as well as its reputation and brand. The Resulting Issuer's competitors may have greater existing inventory positions and other advantages that may allow them to price more competitively, relative to the Resulting Issuer's products. Furthermore, it is anticipated that some or all of the Resulting Issuer's suppliers' foreign operations may be adversely affected by political and financial instability, resulting in the disruption of trade from exporting countries, restrictions on the transfer of funds or other trade disruptions.

The Resulting Issuer may not accurately forecast revenues, profitability and appropriately plan its expenses.

The Resulting Issuer is expected to base current and future expense levels on its operating forecasts and estimates of future income and operating results. Income and operating results are difficult to forecast because they generally depend on the volume and timing of the orders that the Resulting Issuer receives, which are uncertain. Additionally, it is expected that the Resulting Issuer's business will be affected by general economic and business conditions around the world. A softening in income, whether caused by changes in consumer preferences, or a weakening in global economies or inflation, may result in decreased net revenue levels, and the Resulting Issuer may be unable to adjust its spending in a timely manner to compensate for any unexpected shortfall in income. This inability could cause the Resulting Issuer's income from operations after tax in a given quarter to be lower or higher than expected. The Resulting Issuer is also anticipated to make certain assumptions when forecasting the amount of expenses it expects related to its share-based payments, which includes the expected volatility of the Resulting Issuer's share price, and the expected life of equity awards granted. These assumptions are partly based on historical results. If actual results differ from the Resulting Issuer's estimates, the Resulting Issuer's operating results in a given quarter may be lower than expected.

The eCommerce operation's operating results of the Resulting Issuer are subject to seasonal fluctuations.

The eCommerce business is seasonal in nature and the fourth quarter is a significant period for the Resulting Issuer's operating results due to the holiday season. As a result, revenue generally declines and loss from operations generally increases in the first quarter sequentially from the fourth quarter of the previous year. Any disruption in the Resulting Issuer's ability to process and fulfill customer orders during the fourth quarter could have a negative effect on the Resulting Issuer's quarterly and annual operating results. For example, if a large number of customers purchase the Resulting Issuer's products in a short period of time due to increased holiday demand, inefficient management of inventory may prevent the Resulting Issuer from efficiently fulfilling orders, which may reduce sales and harm the Resulting Issuer's brands.

The inability to acquire, use or maintain the Resulting Issuer's marks and domain names for the Resulting Issuer's sites could substantially harm the Resulting Issuer's business and operating results.

The Resulting Issuer is anticipated to possess registered trademarks for its brands in numerous jurisdictions and have registered the Internet domain names for its websites, as well as various related domain names. However, the Resulting Issuer will not have registered its trademarks or domain names in all major international jurisdictions. Domain names are generally regulated by Internet regulatory bodies. If the Resulting Issuer does not have, or cannot obtain on reasonable terms, the ability to use its marks in a particular country or to use or register any of its domain names, the Resulting Issuer could be forced either to incur significant additional expenses to market its products within that country, including the development of a new brand and the creation of new promotional materials and packaging, or to elect not to sell products in that country. Either result could materially and adversely affect the Resulting Issuer's business, financial condition and operating results.

Furthermore, the regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with the Resulting Issuer's ability to use relevant domains or its current brand names. Furthermore, the Resulting Issuer might not be able to prevent third parties from registering, using or retaining domain names that interfere with its consumer communications or infringe or otherwise decrease the value of its marks, domain names and other proprietary rights. Regulatory bodies also may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, the Resulting Issuer may not be able to register, use or maintain the domain names that utilize the Wellution name in all of the countries in which the Resulting Issuer currently or intends to conduct business.

Any significant disruption in service on the Resulting Issuer's websites or apps or in its computer systems, a number of which are expected to be hosted or provided by third-party providers, could materially affect the Resulting Issuer's ability to operate, damage its reputation and result in a loss of customers, which would harm the Resulting Issuer's business and results of operations.

The Resulting Issuer's ability to sell and market its products relies on FBA platform whose functionality relies upon a number of third-party related services, including those relating to cloud infrastructure, technology services, servers, open-source libraries and vendor application programming interfaces. Any disruption or loss of any of these third-party services could have a negative effect on the Resulting Issuer's business, results of operations, financial condition and prospects. The Resulting Issuer may experience interruptions in its systems, including server failures that temporarily slow down or interfere with the performance of its platforms and the ability to sell on eCommerce marketplaces.

Interruptions in these systems, whether due to system failures, human input errors, computer viruses or physical or electronic break-ins, and denial-of-service attacks on the Resulting Issuer, third-party vendors or communications infrastructure, could affect the availability of the Resulting Issuer's services on its platform and prevent or inhibit the ability of selling its products. Volume of traffic and activity on eCommerce marketplaces spikes on certain days, such as during a Black Friday promotion, and any such interruption would be particularly problematic if it were to occur at such a high-volume time. Problems with the reliability of the Resulting Issuer's systems or third-party marketplaces could prevent the Resulting Issuer from earning revenue and could harm its reputation. Damage to the Resulting Issuer's reputation, any resulting loss of customers, eCommerce confidence and the cost of remedying these problems could negatively affect the Resulting Issuer's business, results of operations, financial condition and prospects.

The Resulting Issuer's ability to maintain communications, network and computer hardware in the countries in which they are used may in the future be subject to regulatory review and licensing, and the failure to obtain any required licenses could negatively affect the Resulting Issuer's business. The Resulting Issuer's systems and infrastructure are anticipated to be predominately reliant on third parties. Problems faced by the Resulting Issuer's third-party service providers with the telecommunications network providers with whom they contract or with the systems by which they allocate capacity among their users, including the Resulting Issuer, could adversely affect the experience of the Resulting Issuer's customers. It is also expected that the Resulting Issuer's third-party service providers could decide to close their facilities without adequate notice. Any financial difficulties, such as bankruptcy or reorganization, faced by the Resulting Issuer's third-party service providers or any of the service providers with whom they contract may have negative effects on the Resulting Issuer's business, the nature and extent of which are difficult to predict. If the Resulting Issuer's third-party service providers are unable to keep up with the Resulting Issuer's needs for capacity, this could have an adverse effect on the Resulting Issuer's business. Any errors, defects, disruptions or other performance problems with the Resulting Issuer's services could harm the Resulting Issuer's reputation and may have a material adverse effect on its business, results of operations, financial condition and prospects.

Risks Related to the Resulting Issuer

Dependence on Key Management Personnel

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management as well as certain consultants, including, but not limited to, Adi Zuloff-Shani (the anticipated CTO of the Resulting Issuer) and Oz Adler (the anticipated CEO of the Resulting Issuer) (the "**Key Personnel**"). The Resulting Issuer's future success depends on its continuing ability to attract, develop, motivate, and retain the Key Personnel. Qualified individuals for Key Personnel positions are in high demand, and the Resulting Issuer may incur significant costs to attract and retain them. The loss of the services of Key Personnel, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Resulting Issuer's ability to execute on its business plan and strategy, and the Resulting Issuer may be unable to find adequate replacements on a timely basis, or at all. While employment and consulting agreements are customarily used as a primary method of retaining the services of Key Personnel, these agreements cannot assure the continued services of such individuals and consultants.

Significant Ownership, Influence and Control by SciSparc

After the Qualifying Transaction, it is anticipated that SciSparc will beneficially own or control, directly or indirectly, 63,300,000 Resulting Issuer Shares, which in the aggregate will represent approximately 75% of the Resulting Issuer Shares issued and outstanding on completion of the Reverse takeover on a non-diluted basis and 119,300,000 Resulting Issuer Shares, which in the aggregate will represent approximately 84.66% of the Resulting Issuer Shares on a fully-diluted basis. As a result, SciSparc will have the ability to control all matters submitted to holders of Resulting Issuer Shares for approval, including without limitation the election and removal of directors, amendments to articles of incorporation and by-laws and the approval of any business combination. This may delay or prevent an acquisition of the Resulting Issuer or cause the market price of its shares to decline. While the rights of minority shareholders would be protected in Canada, civil judgments rendered against the Resulting Issuer and/or its subsidiaries or SciSparc in Canada may be enforced in Israel by an Israeli court subject to specified time limitations, legal procedures and other specific conditions.

Future Sales of Resulting Issuer Shares by the Principal Securityholder and Existing Shareholders

After the Qualifying Transaction, it is anticipated that SciSparc will beneficially own or control, directly or indirectly, 63,300,000 Resulting Issuer Shares, which in the aggregate will represent approximately 75% of the Resulting Issuer Shares issued and outstanding on completion of the Qualifying Transaction. No prediction can be made as to the effect, if any, of future sales of Resulting Issuer Shares by SciSparc, including sales of Resulting Issuer Shares by entities over which SciSparc exercises direct or indirect ownership or control, on the market price of the Resulting Issuer Shares. However, the future sale of a substantial number of Resulting Issuer Shares by SciSparc, including sales of Resulting Issuer Shares by an entity over which SciSparc exercises direct or indirect ownership or control, or the perception that such sales could occur, could adversely affect prevailing market prices for the Resulting Issuer Shares.

Enforcement of Judgments

It is anticipated that the Resulting Issuer will be governed under the laws of the Province of British Columbia, however all of its assets will be located outside Canada. As a result, investors may not be able to effect service of process within Canada upon the Resulting Issuer's potential future foreign directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada. As a result, shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Resulting Issuer Board or controlling shareholders than they would as public shareholders of a Canadian company.

Difficulty Enforcing Canadian Law Against a Foreign Company and Foreign Directors

Some or all of the Resulting Issuer's assets and the assets of each of the directors and executive officers, except Gabriel Kabazo and Ohad David, are expected to be located outside of Canada. Therefore, a future judgment obtained against the Resulting Issuer, or the foreign directors and officers, including a judgment based on the civil liability provisions of the Canadian securities laws, may not be collectible in Canada and may not be enforced by a court in foreign jurisdictions. Moreover, it may not be possible for investors to effect service of process within Canada upon the aforementioned foreign directors and officers of the Resulting Issuer.

Foreign exchange risk

Most of the expenses and revenues of the Resulting Issuer will be denominated in U.S. dollars. As a result, the Resulting Issuer will be subject to foreign exchange risks relating to the relative value of the U.S. dollar as compared to the Canadian dollar. A decline in the U.S. dollar would result in a decrease in the real value of the Resulting Issuer's revenues and adversely impact financial performance.

Cybersecurity Risks

The information systems of the Resulting Issuer and any third-party service providers and vendors, are expected to be vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the respective organizations. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems through fraud or other means of deceiving third-party service providers, employees or vendors. The operations of the Resulting Issuer are expected to depend, in part, on how well networks, equipment, IT systems and software are protected against damage from a number of threats. These operations will also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. However, if the Resulting Issuer is unable or delayed in maintaining, upgrading or replacing IT systems and software, the risk of a cybersecurity incident could materially increase. Any of these and other events could result in information system failures, delays and/or increases in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the reputation and results of operations of the Resulting Issuer.

Regulation

As a reporting issuer, the Resulting Issuer is anticipated to be subject to the reporting requirements of applicable securities legislation of the jurisdiction in which it will become a reporting issuer, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these rules and regulations will increase the Resulting Issuer's legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on its systems and resources. Applicable securities laws require the Resulting Issuer to, among other things, file certain annual and quarterly reports with respect to its business and results of operations. In addition, applicable securities laws require the Resulting Issuer to, among other things, maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve its disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. Specifically, due to the increasing complexity of its transactions, it is anticipated that the Resulting Issuer will improve its disclosure controls and procedures and internal control over financial reporting primarily through the continued development and implementation of formal policies, improved processes and documentation procedures, as well as the continued sourcing of additional finance resources. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and results of operations. To comply with these requirements, the Resulting Issuer may need to hire more employees in the future or engage outside consultants, which will increase its costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. The Resulting Issuer is expected to intend to continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue generating activities to compliance activities. If its efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against the Resulting Issuer and the Resulting Issuer's business may be adversely affected.

As a public company subject to these rules and regulations, the Resulting Issuer is anticipated to find it more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Resulting Issuer to attract and retain qualified members of its board of directors, particularly to serve on its audit committee and compensation committee, and qualified executive officers. As a result of disclosure of information in filings required of a public company, the Resulting Issuer's business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, the Resulting Issuer's business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in its favor, these claims, and the time and resources necessary to resolve them, could divert the resources of the Resulting Issuer's management and harm its business and results of operations.

Difficulty to Forecast

The Resulting Issuer is expected to rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

General Economic Risks

The Resulting Issuer's operations could be affected by the economic context should interest rates, inflation or the unemployment level reach levels that influence consumer trends and spending and, consequently, impact the Resulting Issuer's sales and profitability.

Any investors should further consider, among other factors, the Resulting Issuer's prospects for success in light of the risks and uncertainties encountered by companies that, like the Resulting Issuer, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the operation of the Resulting Issuer's business. The Resulting Issuer may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Resulting Issuer fails to do so, it could materially harm the Resulting Issuer's business to the point of having to cease operations and could impair the value of the Resulting Issuer's securities.

Being a Public Company May Increase Price Volatility

In the event the Qualifying Transaction is completed, the Resulting Issuer's status as a reporting issuer may increase price volatility due to various factors, including the ability to buy or sell Resulting Issuer Shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the Resulting Issuer Shares. The increased price volatility could adversely affect the results of operations or financial condition.

Reputational Risks

The Resulting Issuer may be exposed to reputational risk. Reputational risk is the risk that an activity by the Resulting Issuer or one of its representatives or contractors will impair the Resulting Issuer's image in the community or public confidence in the Resulting Issuer's business, which may result in legal action, additional regulatory oversight or have a negative impact on the Resulting Issuer's earnings or future prospects. Factors that can heighten reputational risk includes breach of confidentiality or lack of privacy, lack of professionalism, inappropriate resolution of conflicts of interest, fraudulent or criminal activity, misrepresentation (or withholding) of information from clients, or any negative publicity regardless of the truth or accuracy of its contents. The Resulting Issuer manages reputational risk through its corporate governance practices, code of conduct and risk management policies, procedures and training.

Fraudulent or other illegal activity involving the Resulting Issuer's product or service could lead to reputational damage to the Resulting Issuer and reduce the use and acceptance of the Resulting Issuer's products and services. A single significant incident of fraud, or increases in the overall level of fraud, involving the Resulting Issuer's products and services could result in reputational damage to the Resulting Issuer, which could reduce the use and acceptance of the Resulting Issuer's products and services, cause third-party service providers and financial intermediaries to cease doing business with the Resulting Issuer or lead to greater regulation or oversight, which would increase the Resulting Issuer's compliance costs.

The Market Price of the Resulting Issuer Shares may be subject to Wide Price Fluctuations

The market price of the Resulting Issuer Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Resulting Issuer Shares.

Management of Growth

It is anticipated that the Resulting Issuer may be subject to growth-related risks. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and growth prospects.

Following the completion of the Qualifying Transaction, the Resulting Issuer may issue additional equity securities.

Following the completion of the Qualifying Transaction, it is anticipated that the Resulting Issuer may issue equity securities to finance its activities. If the Resulting Issuer were to issue additional equity securities, the ownership interest of existing Resulting Issuer shareholders may be diluted and some or all of the Resulting Issuer's financial measures on a per share basis could be reduced. Moreover, as the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially and adversely affected.

Competition

The industry in which the Resulting Issuer is expected to operate is highly competitive and competition could intensify, or any potential technological advantages held by the Resulting Issuer may be reduced or lost, as a result of technological advances by its competitors.

If the Resulting Issuer does not compete effectively with these competitors, its revenue may not grow. It is expected that the Resulting Issuer will experience competition from a number of bio-pharmaceutical and therapeutic companies. The Resulting Issuer's anticipated competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. Increased competition may cause price reductions, reduced gross margins and reduced growth in sales, any of which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. The Resulting Issuer is expected to face substantial competition from established competitors, many of which may have greater financial, research and marketing resources than it does. Many of these companies also have a larger customer base, have longer operating histories or have greater name recognition than the Resulting Issuer is expected to have. There can be no assurance that the Resulting Issuer will successfully differentiate its current and proposed products from the products of its competitors, or that the marketplace will consider the products of the Resulting Issuer, to be superior to competing products. Because of the industry in which the Resulting Issuer is expected to operate in, the Resulting Issuer expects to face additional competition from new entrants. To maintain the Resulting Issuer's competitive position, it is believed that the Resulting Issuer will be required to continue to invest in research and development, marketing and regulatory approvals. There can be no assurance that the Resulting Issuer will have sufficient resources to continue to make these investments, that it will be able to make the technological advances necessary to maintain its competitive position, or that its products will receive market acceptance. The Resulting Issuer's competitors may be able to respond more quickly to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of their products. The Resulting Issuer may not be able to compete successfully in the future, and increased competition may result in price reductions, reduced profit margins, loss of market share and an inability to generate cash flows that are sufficient to maintain or expand its development of new products.

The Requirements of Being a Public Resulting Issuer May Strain the Resulting Issuer's Resources

In the event the Qualifying Transaction is completed, the Resulting Issuer is expected to continue SNI's current business activities with respect to the Target Shares as well as SciSparc's current business activities with respect to the Target Assets. As a reporting issuer, the Resulting Issuer, and its business activities, is anticipated to be subject to the reporting requirements of applicable securities legislation of the jurisdiction in which it is a reporting issuer, the listing requirements of the exchange on which it would be listed and other applicable securities rules and regulations. Compliance with those rules and regulations is expected to increase the Resulting Issuer's legal and financial costs making some activities more difficult, time consuming or costly and increase demand on its systems and resources.

Risks Inherent in Strategic Alliances

It is anticipated that the Resulting Issuer may enter into strategic alliances with third parties that it believes will complement or augment its existing business. The Resulting Issuer's ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance the Resulting Issuer's business, and may involve risks that could adversely affect the Resulting Issuer, including significant amounts of management time that may be diverted from operations to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve the expected benefits to the Resulting Issuer's business or that the Resulting Issuer will be able to consummate future strategic alliances on satisfactory terms, or at all.

Uncertainty of Use of Proceeds

Although the Resulting Issuer is expected to set out its intended use of proceeds, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Resulting Issuer to apply these funds effectively could have a material adverse effect on the Resulting Issuer's business, including the Resulting Issuer's ability to achieve its stated business objectives.

Liquidity and Additional Financing

There is no guarantee that the Resulting Issuer will be able to achieve its business objectives. The expected development of the Resulting Issuer may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Resulting Issuer going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. In addition, from time to time, it is expected that the Resulting Issuer may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Resulting Issuer's anticipated debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Resulting Issuer's ability to pursue its business objectives.

There is no assurance that the Resulting Issuer will turn a profit or generate immediate revenues

There is no assurance as to whether the Resulting Issuer will be profitable or pay dividends. It is anticipated that the Resulting Issuer will incur substantial expenses relating to the development of its business. The payment and amount of any future dividends will depend upon, among other things, the Resulting Issuer's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Anti-Money Laundering Laws and Regulation Risks

It is anticipated that the Resulting Issuer will be subject to a variety of laws and regulations domestically and internationally that concern money laundering, financial recordkeeping and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of the Resulting Issuer's proceeds, any dividends or distributions therefrom, or any profits or revenues accruing from operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Resulting Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Unknown Defects and Impairments

A defect in any business arrangement may arise to defeat or impair the claim of the Resulting Issuer to such transaction, which may have a material adverse effect on the Resulting Issuer. It is possible that material changes could occur that may adversely affect management's estimate of the recoverable amount for any agreement the Resulting Issuer enters into. Impairment estimates, based on applicable key assumptions and sensitivity analysis, will be based on management's best knowledge of the amounts, events or actions at such time, and the actual future outcomes may differ from any estimates that are provided by the Resulting Issuer. Any impairment charges on the Resulting Issuer's carrying value of business arrangements could have a material adverse effect on the Resulting Issuer.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights brought in from the acquisition of the Target Assets and Target Shares are anticipated to form significant aspects of the Resulting Issuer's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Resulting Issuer's products and technology. Policing the unauthorized use of the Resulting Issuer's future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. In addition, in any infringement proceeding, some or all of the trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

In addition, other parties may claim that the Resulting Issuer's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, it is expected that the Resulting issuer may need to obtain licences from third parties who allege that the Resulting Issuer has infringed on their lawful rights. However, such licences may not be available on terms acceptable to the Resulting Issuer or at all. In addition, the Resulting Issuer may not be able to obtain or utilize on terms that are favorable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

Security

It is expected that the Resulting Issuer cannot guarantee absolute protection against unauthorized attempts to access its IT systems, including malicious third-party applications or denial of service attacks that may interfere with or exploit security flaws in its digital media properties. It is also expected that virsus, worms, and other malicious software programs may jeopardize the security of information stored in the Resulting Issuer's computer systems. If any compromise to the Resulting Issuer's security measures were to occur and the Resulting Issuer's efforts to combat this breach were unsuccessful, the Resulting Issuer's reputation may be harmed leading to an adverse effect on the Resulting Issuer's financial condition and future prospects.

Dividend Policy

The declaration, timing, amount and payment of dividends are expected to be at the discretion of the Resulting Issuer's board of directors and will depend upon the Resulting Issuer's future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. There can be no assurance or expectation that the Resulting Issuer will declare a dividend on a quarterly, annual or other basis.

Credit and Liquidity Risk

It is anticipated that the Resulting Issuer will be exposed to counterparty risks and liquidity risks including, but not limited to:

- through suppliers of the Resulting Issuer which may experience financial, operational or other difficulties, including insolvency, which could limit or suspend those suppliers' ability to perform their obligations under agreements with the Resulting Issuer;

- through financial institutions that may hold the Resulting Issuer's cash and cash equivalents;

- through companies or individuals that will have payables to the Resulting Issuer;
- through the Resulting Issuer's insurance providers; and
- through the Resulting Issuer's lenders, if any.

It is also expected that the Resulting Issuer will be exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Resulting Issuer to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Resulting Issuer. If these risks materialize, the Resulting Issuer's operations could be adversely impacted and the price of the Resulting Issuer Shares could be adversely affected.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants

It is expected that the Resulting Issuer may be exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Resulting Issuer that violates: (a) government regulations; (b) federal and provincial healthcare fraud and abuse laws and regulations; or (c) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Resulting Issuer to identify and deter such misconduct by its employees and other third parties, and the precautions taken by the Resulting Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Resulting Issuer from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Resulting Issuer, and it is not successful in defending itself or asserting its rights, such actions could have a significant impact on the Resulting Issuer's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of Resulting Issuer's operations, any of which could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Internal Controls

Effective internal controls will be necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although it is expected that the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under applicable law, in each case the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer maintains adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and could result in a material adverse effect.

Conflicts of Interest

The Resulting Issuer may be subject to various potential conflicts of interest because of the fact that some of its officers, directors and consultants may be engaged in a range of business activities. The Resulting Issuer's executive officers, directors and consultants may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers, directors and consultants may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations.

These business interests could require significant time and attention of the Resulting Issuer's executive officers, directors and consultants.

In addition, the Resulting Issuer may also become involved in other transactions which conflict with the interests of its directors, officers and consultants who may from time to time deal with persons, firms, institutions or corporations with which the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Resulting Issuer. In addition, from time to time, these persons may be competing with the Resulting Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.

Litigation

The Resulting Issuer may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If the Resulting Issuer is unable to resolve these disputes favourably, it may have a material adverse effect on the Resulting Issuer. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant Resulting Issuer resources. Litigation may also create a negative perception of the Resulting Issuer. Securities litigation could result in substantial costs and damages and divert the Resulting Issuer's management's attention and resources. Any decision resulting from any such litigation that is adverse to the Resulting Issuer could have a negative impact on the Resulting Issuer's financial position.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts about Miza, the Target Shares, the Target Assets, the Resulting Issuer or the Qualifying Transaction that are not otherwise disclosed in this Filing Statement.

SPONSORSHIP

Sponsorship for the Qualifying Transaction is required by Policy 5.2 of the TSXV Manual unless an exemption from the sponsorship requirement is granted to Miza by the TSXV. Subject to the satisfaction of certain conditions, Miza has been granted a discretionary exemption by the TSXV from the sponsorship requirement.

INTEREST OF EXPERTS

The financial statements of the Miza included in this Filing Statement have been audited by DMCL LLP, Chartered Professional Accountants, located at Suite 1500-1700, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, as set forth on their audit report. DMCL LLP is the independent auditor of Miza and is independent within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of British Columbia.

The financial statements of the SNI included in this Filing Statement have been audited by Kost Forer Gabbay & Kasierer, Ernst and Young Israel, at its office located at 144 Menachem Begin Road, Tel Aviv 6492102, Israel as set forth on their audit report. Kost Forer Gabbay & Kasierer is the independent auditor of SNI and is independent in accordance with the ethical requirements that are relevant to their audit of the financial statements in the United States of America, including the independence requirements of the American Institute of Certified Public Accountants.

The financial statements of Target Assets included in this Filing Statement have been audited by K Kost Forer Gabbay & Kasierer, Ernst and Young Israel, at its office located at 144 Menachem Begin Road, Tel Aviv 6492102, Israel as set forth on their audit report. Kost Forer Gabbay & Kasierer is the independent auditor of SciSparc with respect to the Target Assets and is independent in accordance with the ethical requirements that are relevant to their audit of the financial statements in the United States of America, including the independence requirements of the American Institute of Certified Public Accountants.

No person or company who is named as having prepared or certified a part of the Filing Statement or prepared or certified a report or valuation described or included in the Filing Statement has, or will have, immediately following completion of the Qualifying Transaction, any direct or indirect interest in Miza, SciSparc or the Resulting Issuer.

BOARD APPROVAL

The board of directors of Miza and SciSparc has approved the contents of this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Miza or SciSparc, Miza and SciSparc have relied upon information furnished by such Person. Miza and SciSparc disclaim any responsibility with respect to the accuracy and adequacy of such information.

CERTIFICATE OF MIZA III VENTURES INC.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Miza III Ventures Inc. assuming completion of the Qualifying Transaction.

Dated: October 9, 2025

"Azim Dhalla"
Azim Dhalla
President, CEO, CFO and Corporate Secretary

On Behalf of the Board of Directors:

"Jason D'Silva"
Jason D'Silva
Director

"Nizar Bharmal"
Nizar Bharmal
Director

CERTIFICATE OF SCISPARC LTD.

The foregoing document, as it relates to SciSparc Ltd. constitutes full, true and plain disclosure of all material facts relating to the securities of SciSparc Ltd.

Dated: October 9, 2025

"Oz Adler"
Oz Adler
Chief Executive Officer and Chief Financial Officer

On Behalf of the Board of Directors:

"Lior Vider"
Lior Vider
Director

"Itschak Shrem"
Itschak Shrem
Director

ACKNOWLEDGEMENT – PERSONAL INFORMATION

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in TSX Venture Exchange – Appendix 6B) pursuant to this Filing Statement; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

"**Personal Information**" means any information about an identifiable individual, and includes information contained in any Items in this Filing Statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of Form 3D1 and 3D2 – *Information Required in an Information Circular for a Qualifying Transaction / Information Required in a Filing Statement for a Qualifying Transaction*, as applicable.

DATED October 9, 2025.

"Azim Dhalla"
Azim Dhalla
President, CEO, CFO, Corporate Secretary and Director

SCHEDULE A

MIZA AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JANUARY 31, 2025, AND JANUARY 31, 2024

MIZA III VENTURES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JANUARY 31, 2025

(EXPRESSED IN CANADIAN DOLLARS)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Miza III Ventures Inc.

Opinion

We have audited the financial statements of Miza III Ventures Inc. (the "Company"), which comprise the statements of financial position as at January 31, 2025 and 2024, and the statements of loss and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 29, 2025

MIZA III VENTURES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	January 31, 2025	January 31, 2024
ASSETS		
Current		
Cash	**$ 1,079,346**	$ 1,220,118
Prepaid expenses	**1,282**	1,282
	1,080,628	1,221,400
TOTAL ASSETS	**$ 1,080,628**	$ 1,221,400
LIABILITIES		
Current		
Accounts payable (Note 8)	**$ 5,678**	$ 21,950
Accrued liabilities (Note 8)	**150,321**	19,362
	155,999	41,312
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	**1,480,643**	1,480,643
Reserves (Note 4)	**41,824**	41,824
Deficit	**(597,838)**	(342,379)
	924,629	1,180,088
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 1,080,628**	$ 1,221,400

Nature of business (Note 1)
Going concern (Note 2)
Proposed transaction (Note 9)

Approved by the Board of Directors:

"Azim Dhalla"
Director

"Nizar Bharmal"
Director

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

MIZA III VENTURES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year ended January 31, 2025	Year ended January 31, 2024
EXPENSES		
Accounting (Note 8)	**$ 6,300**	$ 6,400
Bank fees	**63**	106
Filing fees	**23,694**	9,105
Office administration (Note 8)	**12,600**	12,600
Professional fees	**191,731**	56,834
Rent (Note 8)	**18,900**	18,800
Transfer agent fees	**2,171**	871
LOSS AND COMPREHENSIVE LOSS	**$ 255,459**	$ 104,716
Weighted average number of shares outstanding	**18,100,000**	18,061,096
Basic and diluted loss per share	**$ 0.01**	$ 0.01

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

MIZA III VENTURES INC.
STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED JANUARY 31, 2025 AND 2024
(Expressed in Canadian Dollars)

	Share capital				Total Shareholder's
	Number of shares	Amount	Reserves	Deficit	Equity
BALANCE JANUARY 31, 2023	18,000,000	$ 1,465,041	$ 47,426	$ (237,663)	$ 1,274,804
Exercise of agent's options (Note 4)	100,000	15,602	(5,602)	-	10,000
Net loss for the year	-	-	-	(104,716)	(104,716)
BALANCE JANUARY 31, 2024	18,100,000	1,480,643	41,824	(342,379)	1,180,088
Net loss for the year	-	-	-	(255,459)	(255,459)
BALANCE JANUARY 31, 2025	**18,100,000**	**$ 1,480,643**	**$ 41,824**	**$ (597,838)**	**$ 924,629**

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

MIZA III VENTURES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended January 31, 2025	Year ended January 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**$ (255,459)**	$ (104,716)
Change in non-cash working capital items:		
Prepaid expenses	**-**	2,082
Accounts payable	**(16,272)**	32,162
Accrued liabilities	**130,959**	-
	(140,772)	(70,472)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued on the exercise of options for cash	**-**	10,000
DECREASE IN CASH	**(140,772)**	(60,472)
CASH, BEGINNING OF THE YEAR	**1,220,118**	1,280,590
CASH, END OF THE YEAR	**$ 1,079,346**	$ 1,220,118

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

1. NATURE OF BUSINESS

MIZA III VENTURES INC. (the "Company") is a company domiciled in Canada. The Company was incorporated on January 18, 2021 under the laws of the Province of British Columbia. The address of the Company's registered and head office is Suite 600, 890 West Pender Street, Vancouver, B.C., V6C 1J9.

On July 19, 2021, the Company completed its Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange"), raising gross proceeds of $200,000 by issuing 2,000,000 common shares at $0.10 per share. The Company's common shares were approved for listing on the Exchange and began trading on July 19, 2021, under the symbol "MIZA.P".

The Company's main activity is identifying and evaluating assets or businesses for a Qualifying Transaction (QT). It has not commenced operations and only holds cash. The Company's ability to continue depends on successfully finding, assessing, and negotiating acquisitions or business interests, subject to regulatory approval and majority of the minority shareholders consent for non-arm's length transactions.

2. BASIS OF PREPARATION

Statement of compliance and going concern

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The Company's continuing operations as intended are dependent upon the successful completion of a QT and its ability to attain profitable operations. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company will require additional financing to identify and complete a QT. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

These financial statements were approved by the Board of Directors and authorized for issue on May 29, 2025.

Basis of measurement

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency and presentation currency.

2. BASIS OF PREPARATION *(continued)*

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share based payments and recognition of deferred income tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is the going concern assumption.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Income taxes

Income taxes are recognized for the estimated taxes payable for the current period, and deferred taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities, and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the excess. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

Financial instruments

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. Equity instruments that are held for trading are classified as FVTPL. Cash is classified at FVTPL and accounts payables at amortized cost.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

***Financial instruments** (continued)*

ii. Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

iii. Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

iv. Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

v. Financial liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different; in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on de-recognition are generally recognized in profit or loss.

Share based compensation

The Company records all share-based payments at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation mode.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to share based compensation reserve. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share based compensation.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Recent accounting pronouncements

Certain new accounting standards, amendments to standards and interpretations that have been issued but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

Share issuances

No shares were issued during the year ended January 31, 2025.

During the year ended January 31, 2024:

On June 26, 2023, 100,000 agent's options were exercised at $0.10 per share for total proceeds of $10,000. $5,602 was transferred from reserves to share capital on exercise of the options.

Stock Options

The Company has adopted an incentive share option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with requirements, grant to directors, officers, employees and technical consultants of the Company, non transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at closing.

There were no options granted or exercised during the years ended January 31, 2025 and 2024.

As at January 31, 2025, the following options were outstanding and exercisable:

Expiry	Number of Option	Weighted Average Exercise Price ($)	Weighted Average Remaining Life
July 19, 2026	500,000	$0.10	1.47 Years

Escrow Shares

As of January 31, 2025, a total number of 3,000,000 shares are held in escrow. Pursuant to the terms of the escrow agreement, 750,000 of these shares will be released on the date of the QT completion and the remaining shares will be released over a period of 18 months.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at January 31, 2025, the Company's only financial instruments are comprised of cash, and accounts payable. The fair values of these financial instruments approximate their carrying value due to their short- term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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

As at January 31, 2025, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations and is related to cash held at reputable financial institutions. The Company believes it has no significant credit risk.

(b) Liquidity risk
Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at January 31, 2025, the Company had a cash balance of $1,079,346 (January 31, 2024 - $1,220,118) to settle current and future liabilities and as such, is not exposed to significant liquidity risk.

(c) Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(d) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(e) Foreign currency risk
The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(f) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at January 31, 2025, the Company's shareholders' equity was $924,629 (January 31, 2024 $1,180,088). The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

Cash from proceeds from share issuances have the following permitted uses until the completion of a Qualifying Transaction pursuant to section 7.1 of TSX-V policy 2.4:

(a) Reasonable expenses relating to the Company's Initial Public Offering;
(b) Reasonable general and administrative expenses not exceeding $3,000 per month; and
(c) Reasonable expenses relating to a proposed Qualifying Transaction.

7. INCOME TAXES

	Year ended January 31, 2025	Year ended January 31, 2024
Net loss for the year	**$ (255,459)**	$ (104,716)
Tax rate	**27%**	27%
Expected income tax recovery	**(68,974)**	(28,273)
Change in valuation allowance	**68,974**	28,273
	$ -	$ -

The Company has accumulated non-capital losses of approximately $700,620, which may be deducted in the calculation of taxable income in future years. The losses commence expiring in 2041.

8. RELATED PARTY TRANSACTIONS

During the year ended January 31, 2025, the Company accrued $12,600 (2024 - $12,600) in office administration fees to a director of the Company.

During the year ended January 31, 2025, the Company accrued $18,900 (2024 - $18,800) for office rent to a director of the Company.

During the year ended January 31, 2025, the Company paid $6,300 (2024 - $6,400) in accounting fees to a director of the Company.

As at January 31, 2025 $9,450 (January 31, 2024- $21,950) is due to directors of the Company, which is included in accounts payable and accrued liabilities.

9. PROPOSED TRANSACTION

On July 5, 2024 and amended on July 31, 2024 and March 28, 2025, the Company executed a Letter of Intent ("LOI") with SciSparc Ltd. ("SciSparc"), a public Israel based company in respect to an arms-length asset and share sale transaction. The transaction is expected to constitute the Company's QT as such term is defined in policies of the Exchange.

Pursuant to the terms of the LOI, SciSparc and the Company will enter into an asset and share purchase agreement whereby SciSparc will convey and transfer to the Company certain assets including certain pharmaceutical intellectual property assets and its approximate 51% equity interest in Scisparc Nutraceuticals Inc. in consideration for 63,300,000 common shares in the capital of the Company ("Resulting Issuer Shares") and 48,000,000 contingent value rights of the Company ("Resulting Issuer CVRs"). Each Resulting Issuer CVR entitles SciSparc to one (1) additional Resulting Issuer Share for no additional consideration upon the achievement of certain milestones prior to certain deadlines. The completion of the Proposed Transaction is subject to the satisfaction of certain conditions precedent.

Convertible Loan Transaction

Upon closing of the Proposed Transaction, subject to the approval of the Exchange, SciSparc, or a third party on its behalf, is expected to provide a unsecured convertible loan to the Resulting Issuer in the principal amount of up to $1,000,000 (the "Convertible Loan"), which shall mature on the two year anniversary of the date of the issuance thereof and shall bear interest at the simple rate of 7% per annum. The Convertible Loan provides SciSparc, or the third party, the option to convert the outstanding principal and interest under the Convertible Loan into Resulting Issuer Shares at a price of $0.25 per share, subject to customary anti-dilution adjustments.

In connection with the Convertible Loan, subject to the approval of the Exchange, the Resulting Issuer expects to also issue 4,000,000 Resulting Issuer Share purchase warrants ("Bonus Warrants") to SciSparc, whereby each Bonus Warrant will entitle the holder thereof to acquire one additional Resulting Issuer Share at an exercise price of $0.25 for a period of 5 years from the date of issuance.

Finder's Fee

Upon closing of the Proposed Transaction, the Company intends to issue 3,000,000 Resulting Issuer Shares (the "Finders' Fee Shares") to certain finders (the "Finders") as compensation for providing advisory services in connection with the Proposed Transaction. Each of the Finders are expected to be arm's length to both the Company and SciSparc.

9. PROPOSED TRANSACTION

Promissory Note

Prior to completion of the transaction, the Company anticipates completing an arm's length promissory note ("Note") financing for gross proceeds of not less than USD$350,000, whereby such indebtedness will incur 7.0% interest per annum and will mature 13 months from the date of issuance of the Note.

Upon closing of the Proposed Transaction, the parties expect 84,400,000 Resulting Issuer Shares will be issued and outstanding on a non-diluted basis, which is comprised of the 63,300,000 Resulting Issuer Shares, 18,100,000 existing Company shares, and the 3,000,000 Finders' Fee Shares and approximately 140,900,000 Resulting Issuer Shares issued and outstanding on a fully-diluted basis, which also includes the 48,000,000 Resulting Issuer CVRs, 500,000 existing Company stock options, 4,000,000 Resulting Issuer Shares issuable upon conversion of the Convertible Loan, and the 4,000,000 Bonus Warrants, with existing shareholders of the Company holding approximately 21.45% of the outstanding Resulting Issuer Shares, SciSparc holding approximately 75% of the outstanding Resulting Issuer Shares and the Finders holding approximately 3.55% of the outstanding Resulting Issuer Shares, in each case, on a non-diluted basis.

MIZA III VENTURES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JANUARY 31, 2024

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Miza III Ventures Inc.

Opinion

We have audited the financial statements of Miza III Ventures Inc. (the "Company"), which comprise the statements of financial position as at January 31, 2024 and 2023, and the statements of loss and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 28, 2024

MIZA III VENTURES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

		January 31, 2024		January 31, 2023
ASSETS				
Current				
Cash	**$**	**1,220,118**	$	1,280,590
Prepaid expenses		**1,282**		3,364
		1,221,400		1,283,954
TOTAL ASSETS	**$**	**1,221,400**	$	1,283,954
LIABILITIES				
Current				
Account payables and accrued liabilities (Note 8)	**$**	**41,312**	$	9,150
		41,312		9,150
SHAREHOLDERS' EQUITY				
Share capital (Note 4)		**1,480,643**		1,465,041
Reserves (Note 4)		**41,824**		47,426
Deficit		**(342,379)**		(237,663)
		1,180,088		1,274,804
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**1,221,400**	$	1,283,954

Going concern (Note 2)

Approved by the Board of Directors:

Azim Dhalla
Director

Nizar Bharmal
Director

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

MIZA III VENTURES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year ended January 31, 2024		Year ended January 31, 2023
EXPENSES				
Accounting (note 8)	**$**	**6,400**	$	6,825
Bank fees		**106**		85
Filing Fees		**9,105**		11,317
Office administration (note 8)		**12,600**		12,607
Professional Fees		**56,834**		29,202
Rent (Note 8)		**18,800**		18,900
Transfer agent fees		**871**		928
LOSS AND COMPREHENSIVE LOSS	**$**	**(104,716)**	$	(79,864)
Weighted average number of shares outstanding		**18,061,096**		18,000,000
Basic and diluted loss per share	**$**	**(0.006)**	**$**	**(0.004)**

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

MIZA III VENTURES INC.
STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED JANUARY 31, 2024 AND 2023
(Expressed in Canadian Dollars)

	Share capital				Total Shareholders'
	Number of Shares	Amount	Reserves	Deficit	Equity
BALANCE JANUARY 31, 2022	18,000,000	$ 1,465,041	$ 47,426	$ (157,799)	$ 1,354,668
Net loss for the year	-	-	-	(79,864)	(79,864)
BALANCE JANUARY 31, 2023	18,000,000	1,465,041	47,426	(237,663)	1,274,804
Exercise of agent's options (Note 4)	100,000	15,602	(5,602)	-	10,000
Net loss for the year	-	-	-	(104,716)	(104,716)
BALANCE JANUARY 31, 2024	**18,100,000**	**$ 1,480,643**	**$ 41,824**	**$ (342,379)**	**$ 1,180,088**

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

MIZA III VENTURES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

		Year ended January 31, 2024		Year ended January 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the year	**$**	**(104,716)**	$	(79,864)
Change in non-cash working capital items:				
Prepaid expenses		**2,082**		7,503
Account payable and accrued liabilities		**32,162**		(8,498)
		(70,472)		(80,859)
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued on the exercise of options for cash		**10,000**		-
		10,000		
DECREASE IN CASH		**(60,472)**		(80,859)
CASH BALANCE, BEGINNING OF THE YEAR		**1,280,590**		1,361,449
CASH BALANCE, END OF THE YEAR	**$**	**1,220,118**	$	1,280,590

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

1. NATURE OF BUSINESS

Miza III Ventures Inc. (the "Company") is a company domiciled in Canada. The Company was incorporated on January 18, 2021 under the laws of the Province of British Columbia. The address of the Company's registered and head office is Suite 600, 890 West Pender Street, Vancouver, B.C., V6C 1J9.

On July 19, 2021, the Company completed its Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") raising gross proceeds of $200,000 through the issuance of 2,000,000 common shares at $0.10 per common share. The Company's common shares were approved for listing on the Exchange and commenced trading effective July 19, 2021 under the symbol "MIZA.P".

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced operations and has no assets other than cash. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and in the case of a non-arm's length transaction, of the majority of the minority shareholders.

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance and going concern

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's continuing operations as intended are dependent upon the successful completion of a QT and its ability to attain profitable operations. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company will require additional financing to identify and complete a QT. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

These financial statements were approved by the Board of Directors and authorized for issue on May 28, 2024.

Basis of measurement

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency and presentation currency.

2. BASIS OF PREPARATION *(continued)*

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share based payments and recognition of deferred income tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is the going concern assumption.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Income taxes

Income taxes are recognized for the estimated taxes payable for the current period, and deferred taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities, and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the excess. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

Financial instruments

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. Equity instruments that are held for trading are classified as FVTPL. Cash is classified at FVTPL and accounts payables at amortized cost.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

ii. Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

iii. Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

iv. De-recognition financial assets

The Company de-recognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

v. Financial liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different; in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on de-recognition are generally recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Share based compensation

The Company records all share-based payments at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to share based compensation reserve. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share based compensation.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Recent accounting pronouncements

Certain new accounting standards, amendments to standards and interpretations that have been issued but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

Share issuances

For the year ended January 31, 2024:

On June 26, 2023, 100,000 agent's options were exercised at $0.10 per share for total proceeds of $10,000. $5,602 was transferred from reserves to share capital on exercise of the options.

No shares were issued for the year ended January 31, 2023.

4. SHARE CAPITAL *(continued)*

Stock Options

The Company has adopted an incentive share option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with requirements, grant to directors, officers, employees and technical consultants of the Company, non transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at closing.

The continuity of options is as follows:

	Number of Option	Weighted Average Exercise Price ($)
Outstanding, January 31, 2022 and 2023	700,000	$ 0.10
Exercised	(100,000)	$ 0.10
Expired	(100,000)	$ 0.10
Outstanding, January 31, 2024	500,000	$ 0.10
Exercisable, January 31, 2024	500,000	$ 0.10

As at January 31, 2024, the following options were outstanding and exercisable:

Expiry	Number of Options	Weighted Average Exercise Price ($)	Weighted Average Remaining Life
July 19, 2026	500,000	$ 0.10	2.47 Years

The average share price of the common shares was $0.20 on the exercise of the options.

Escrow Shares

As of January 31, 2024, 3,000,000 shares are held in escrow. Pursuant to the terms of the escrow agreement, 750,000 of these shares will be released on the date of the QT completion and the remaining shares will be released over a period of 12 months.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at January 31, 2024, the Company's financial instruments are comprised of cash and trade payables. The fair values of these financial instruments approximate their carrying value due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at January 31, 2024, cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations and is related to cash held at reputable financial institutions. The Company believes it has no significant credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at January 31, 2024, the Company had a cash balance of $1,220,118 (January 31, 2023 - $1,280,590) to settle current and future liabilities and as such, is not exposed to significant liquidity risk.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(e) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(f) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at January 31, 2024, the Company's shareholders' equity was $1,180,088 (January 31, 2023 - $1,274,804). The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

Cash from proceeds from share issuances have the following permitted uses until the completion of a Qualifying Transaction pursuant to section 7.1 of TSX-V policy 2.4:
(a) Reasonable expenses relating to the Company's Initial Public Offering;
(b) Reasonable general and administrative expenses not exceeding $3,000 per month; and
(c) Reasonable expenses relating to a proposed Qualifying Transaction.

7. INCOME TAXES

	Year ended January 31, 2024	Year Ended January 31, 2023
Net loss for the year	**$ (104,716)**	$ (79,864)
Tax rate	**27%**	27%
Expected income tax recovery	**(28,273)**	(21,563)
Change in valuation allowance	**28,273**	21,563
	$ -	$ -

The Company has accumulated non-capital losses of approximately $410,410 (January 31, 2023 - $270,942), which may be deducted in the calculation of taxable income in future years. The losses commence expiring in 2041.

8. RELATED PARTY TRANSACTIONS

During the year ended January 31, 2024, the Company accrued $12,600 (2023 - $12,607) in office administration fees to a director of the Company.

During the year ended January 31, 2024, the Company accrued $18,800 (2023 - $18,900) for office rent to a director of the Company.

During the year ended January 31, 2024, the Company paid $6,400 (2023 - $6,825) in accounting fees to a director of the Company.

As at January 31, 2024, $21,950 (2023 - $9,250) is due to directors of the Company, which is included in accounts payable and accrued liabilities.

SCHEDULE B

MIZA MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JANUARY 31, 2025

Management Discussion and Analysis

MIZA III VENTURES INC.

For the fiscal year ended January 31, 2025

The Management Discussion and Analysis ("MD&A") prepared May 29, 2025 should be read in conjunction with the operating results and financial position and cash flows for the year ended January 31, 2025 and related notes (the "Financial Statements") of Miza III Ventures Inc. ("Miza III" or the "Company"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted. Readers are cautioned that this MD&A contains certain forward-looking information. Please see the "Forward-Looking Statements" section below for a discussion of the use of such information in this MD&A.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements" within the meaning of Canadian securities laws. Forward-looking statements reflect the Company's current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions, including those discussed above.

Forward-looking statements can be identified by the use of words such as "intends", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements. Such factors include, among others, risks related to fluctuation of currency exchange rates, as well as other factors discussed under "Risk Factors".

Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this MD&A are made as of the date of this MD&A. There can be no assurance that forward-looking 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. The Company will update forward-looking statements in its management discussion and analysis as required.

DESCRIPTION OF BUSINESS

MIZA III VENTURES INC. (the "Company") is a company domiciled in Canada. The Company was incorporated on January 18, 2021 under the laws of the Province of British Columbia. The address of the Company's registered and head office is Suite 600, 890 West Pender Street, Vancouver, B.C., V6C 1J9.

The Company is a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("Exchange").

This report will also be made available on SEDAR at www.sedarplus.ca

SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

Issued

No shares were issued during the year ended January 31, 2025.

The Company has 18,100,000 shares issued and outstanding as at January 31, 2025.

Stock Options

The Company granted stock options to its directors and officers to purchase an aggregate of 500,000 common shares at a price of $0.10 per common share exercisable for a period of five years from the date of grant on July 2021.

Escrow Shares

As of January 31, 2025, a total number of 3,000,000 shares are held in escrow. Pursuant to the terms of the escrow agreement, 750,000 of these shares will be released on the date of the QT completion and the remaining shares will be released over a period of 18 months.

SELECTED ANNUAL INFORMATION

	Year Ended January 31, 2025	Year Ended January 31, 2024	Year Ended January 31, 2023
Revenue	$ Nil	$ Nil	$ Nil
Net and comprehensive loss	$ (255,459)	$ (104,716)	$ (79,864)
Basic and Diluted Loss per Share	$ (0.014)	$ (0.006)	$ (0.004)
Number of common shares outstanding	18,100,000	18,100,000	18,000,000
Statement of Financial Position data			
Working capital	$ 924,629	$ 1,180,088	$ 1,274,804
Total assets	$ 1,080,628	$ 1,221,400	$ 1,283,954

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial data reported by the Company for the year ended January 31, 2025 and the previous eight quarters.

	Three Months Ended			
	January 31, 2025	October 31, 2024	July 31, 2024	April 30, 2024
Current assets	$ 1,080,628	$ 1,096,254	$ 1,121,267	$ 1,183,229
Total assets	$ 1,080,628	$ 1,096,254	$ 1,121,267	$ 1,183,229
Current liabilities	$ 155,999	$ 12,035	$ 47,363	$ 28,712
Share capital	$ 1,480,643	$ 1,480,643	$ 1,480,643	$ 1,480,643
Comprehensive loss	$ (132,770)	$ (16,505)	$ (80,613)	$ (25,571)
Basic loss per share	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)
Outstanding shares	18,100,000	18,100,000	18,100,000	18,100,000

SUMMARY OF QUARTERLY RESULTS *(con't)*

	Three Months Ended			
	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023
Current assets	$ 1,221,400	$ 1,228,951	$ 1,234,627	$ 1,275,591
Total assets	$ 1,221,400	$ 1,228,951	$ 1,234,627	$ 1,275,591
Current liabilities	$ 41,312	$ 14,175	$ 7,875	$ 18,600
Share capital	$ 1,480,643	$ 1,475,041	$ 1,475,041	$ 1,465,041
Comprehensive loss	$ (34,687)	$ (11,977)	$ (40,239)	$ (17,813)
Basic loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Outstanding shares	18,100,000	18,100,000	18,100,000	18,100,000

RESULT OF OPERATIONS

Year ended January 31, 2025

During the year ended January 31, 2025, the Company recorded a loss of $255,459. The loss is mainly due to professional fees of $191,731incurred during the year (2024 –$56,834) relating to the Proposed Transaction with SciSparc Ltd.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents on January 31, 2025, was $1,079,346 compared to January 31, 2024 cash balance of $1,220,118. Working capital decreased to $924,629 as of January 31, 2025, compared to $1,180,088 as of January 31, 2024, due to operating cost.

Cash used in operating activities for the year ended January 31, 2025, was $140,772 which was attributed to the loss during the year of $255,459 (January 31, 2024 – $104,716) and the changes in the working capital items comprising of a decrease of accounts payable and accrued liabilities of $114,687 (January 31, 2024 – $32,162)

The Company's ability to continue as a going concern basis depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

As of January 31, 2025, the Company has no material cash contractual obligations.

RELATED PARTY TRANSACTIONS

During the year ended January 31, 2025, the Company accrued $12,600 (2024 - $12,600) in office administration fees to the director of the Company.

During the year ended January 31, 2025, the Company accrued $18,900 (2024 - $18,800) for office rent to a director of the Company.

During the year ended January 31, 2025, the Company paid $6,300 (2024 - $6,400) in accounting fees to a director of the Company.

As at January 31, 2025, $9,450 (January 31, 2024 - $21,950) is due to directors of the Company, which is included in accounts payable and accrued liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations or financial condition.

LEGAL PROCEEDINGS

The Company has not been a party to any legal proceedings since inception.

COMMITMENTS

The Company has no long-term commitments.

PROPOSED TRANSACTION

On July 5, 2024 and amended on July 31, 2024, the Company executed a Letter of Intent ("LOI") with SciSparc Ltd. ("SciSparc"), a public Israel based company in respect to an arms-length asset and share sale transaction. The transaction is expected to constitute the Company's QT as such term is defined in policies of the Exchange.

Pursuant to the terms of the LOI, SciSparc and the Company will enter into an asset and share purchase agreement whereby SciSparc will convey and transfer to the Company certain assets including certain pharmaceutical intellectual property assets and its approximate 51% equity interest in Scisparc Nutraceuticals Inc. in consideration for 63,300,000 common shares in the capital of the Company ("Resulting Issuer Shares") and 48,000,000 contingent value rights of the Company ("Resulting Issuer CVRs"). Each Resulting Issuer CVR entitles SciSparc to one (1) additional Resulting Issuer Share for no additional consideration upon the achievement of certain milestones prior to certain deadlines. The completion of the Proposed Transaction is subject to the satisfaction of certain conditions precedent.

Convertible Loan Transaction

Upon closing of the Proposed Transaction, subject to the approval of the Exchange, SciSparc, or a third party on its behalf, is expected to provide a unsecured convertible loan to the Resulting Issuer in the principal amount of up to $1,000,000 (the "Convertible Loan"), which shall mature on the two year anniversary of the date of the issuance thereof and shall bear interest at the simple rate of 7% per annum. The Convertible Loan provides SciSparc, or the third party, the option to convert the outstanding principal and interest under the Convertible Loan into Resulting Issuer Shares at a price of $0.25 per share, subject to customary anti-dilution adjustments.

In connection with the Convertible Loan, subject to the approval of the Exchange, the Resulting Issuer expects to also issue 4,000,000 Resulting Issuer Share purchase warrants ("Bonus Warrants") to SciSparc, whereby each Bonus Warrant will entitle the holder thereof to acquire one additional Resulting Issuer Share at an exercise price of $0.25 for a period of 5 years from the date of issuance.

Finder's Fee

Upon closing of the Proposed Transaction, Miza intends to issue 3,000,000 Resulting Issuer Shares (the "Finders' Fee Shares") to certain finders (the "Finders") as compensation for providing advisory services in connection with the Proposed Transaction. Each of the Finders are expected to be arm's length to both Miza and SciSparc.

Promissory Note

Prior to completion of the transaction, the Company anticipates completing an arm's length promissory note financing for gross proceeds of not less than USD$350,000, whereby such indebtedness will incur 7.0% interest per annum and will mature 13 months from the date of issuance of the USD Note.

Upon closing of the proposed transaction, the parties expect 84,400,000 Resulting Issuer Shares will be issued and outstanding on a non-diluted basis, which is comprised of the 63,300,000 Resulting Issuer Shares, 18,100,000 existing Company shares, and the 3,000,000 Finders' Fee Shares and approximately 140,900,000 Resulting Issuer Shares issued and outstanding on a fully-diluted basis, which also includes the 48,000,000 Resulting Issuer CVRs, 500,000 existing Company stock options, 4,000,000 Resulting Issuer Shares issuable upon conversion of the Convertible Loan, and the 4,000,000 Bonus Warrants, with existing shareholders of the Company holding approximately 21.45% of the outstanding Resulting Issuer Shares, SciSparc holding approximately 75% of the outstanding Resulting Issuer Shares and the Finders holding approximately 3.55% of the outstanding Resulting Issuer Shares, in each case, on a non-diluted basis.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties including dependence on key personnel, the requirement and ability to raise additional capital through future financings.

Future Financings

The Company's continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

Dependence on Key Personnel

The success of the Company is currently largely dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers, or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's Management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on Management's best estimates using careful judgment. The selection of accounting principles and methods is Management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

SCHEDULE C

MIZA CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JULY 31, 2025

MIZA III VENTURES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JULY 31, 2025

(UNAUDITED)

(EXPRESSED IN CANADIAN DOLLARS)

MIZA III VENTURES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian Dollars)

		As at July 31, 2025		As at January 31, 2025
ASSETS				
Current				
Cash	**$**	**1,046,679**	$	1,079,346
Prepaid expense		**1,282**		1,282
TOTAL ASSETS	**$**	**1,047,961**	$	1,080,628
LIABILITIES				
Current				
Account payables	**$**	**121,674**	$	5,678
Accrued liabilities (Note 7)		**34,650**		150,321
		156,324		155,999
SHAREHOLDERS' EQUITY				
Share capital (Note 4)		**1,480,643**		1,480,643
Reserves (Note 4)		**41,824**		41,824
Deficit		**(630,830)**		(597,838)
		891,637		924,629
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**1,047,961**	$	1,080,628

Nature of business (Note 1)
Going concern (Note 2)
Proposed transaction (Note 8)

Approved by the Board of Directors:

"Azim Dhalla"
Director

"Nizar Bharmal"
Director

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

MIZA III VENTURES INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(expressed in Canadian Dollars)

	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	**Six Months Ended July 31, 2025**	Six Months Ended July 31, 2024
EXPENSES				
Accounting	**$ 1,575**	$ 1,575	**$** 3,150	$ 3,150
Bank fees	**66**	17	87	32
Filing fees	**808**	2,916	863	2,916
Listing fees	**1,673**	10,500	7,762	10,500
Office administration (Note 7)	**3,150**	3,150	6,300	6,300
Professional Fees (Note 7)	**4,047**	57,573	4,046	73,679
Rent (Note 7)	**4,725**	4,725	9,450	9,450
Transfer Agent Fees	**1,334**	157	1,334	157
NET LOSS AND COMPREHENSIVE LOSS	**$ (17,378)**	$ (80,613)	**$ (32,992)**	$ (106,184)
Weighted average number of shares outstanding, basic and diluted	**18,100,000**	18,100,000	**18,100,000**	18,100,000
Basic and diluted loss per share	**$ 0.001**	$ 0.004	**$ 0.002**	$ 0.006

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

MIZA III VENTURES INC.
CONDENSED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY
(expressed in Canadian Dollars)

	Share Capital				Total Shareholders'
	# of Shares	Amount	Reserves	Deficit	Equity
BALANCE JANUARY 31, 2024	18,100,000	$ 1,480,643	$ 41,824	$ (342,379)	$ 1,180,088
Net loss for the Period	-	-	-	(106,184)	(106,184)
BALANCE JULY 31, 2024	**18,100,000**	**1,480,643**	**41,824**	**(448,563)**	**1,073,904**
Net loss for the Period	-	-	-	(149,275)	(149,275)
BALANCE JANUARY 31, 2025	18,100,000	1,480,643	41,824	(597,838)	924,629
Net loss for the Period	-	-	-	(32,992)	(32,992)
BALANCE JULY 31, 2025	**18,100,000**	**$ 1,480,643**	**$ 41,824**	**$ (630,830)**	**$ 891,637**

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

MIZA III VENTURES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(expressed in Canadian Dollars)

	Six Months ended July 31, 2025	Six Months ended July 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	**$ (32,992)**	$ (106,184)
Change in non-cash working capital items:		
Account payable and Accrued liabilities	**325**	6,051
	(32,667)	(100,133)
DECREASE IN CASH	**(32,667)**	(100,133)
CASH BALANCE, BEGINNING OF THE PERIOD	**1,079,346**	1,220,118
CASH BALANCE, END OF THE PERIOD	**$ 1,046,679**	$ 1,119,985

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

1. NATURE OF BUSINESS

MIZA III VENTURES INC. (the "Company") is a company domiciled in Canada. The Company was incorporated on January 18, 2021 under the laws of the Province of British Columbia. The address of the Company's registered and head office is Suite 600, 890 West Pender Street, Vancouver, B.C., V6C 1J9.

On July 19, 2021, the Company completed its Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") raising gross proceeds of $200,000 through the issuance of 2,000,000 common shares at $0.10 per common share. The Company's common shares were approved for listing on the Exchange and commenced trading effective July 19, 2021 under the symbol "MIZA.P".

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced operations and has no assets other than cash. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and in the case of a non-arm's length transaction, of the majority of the minority shareholders.

2. BASIS OF PREPARATION

Statement of compliance and going concern

These financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's annual financial statements for the year ended January 31, 2025. It is therefore recommended that these interim financial statements be read in conjunction with the Company's audited financial statements for the year ended January 31, 2025.

The Company's continuing operations as intended are dependent upon acquiring assets or a business to complete a QT and its ability to attain profitable operations from the assets or business. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company will require additional financing to meet its projected minimum financial obligations for the next fiscal year. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These financial statements were approved by the Board of Directors and authorized for issue on October 8, 2025.

Basis of measurement

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency and presentation currency.

2. BASIS OF PREPARATION *(continued)*

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share based payments and recognition of deferred income tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is the going concern assumption.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete..

Income taxes

Income taxes are recognized for the estimated taxes payable for the current period, and deferred taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities, and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the excess. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

Financial instruments

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. Equity instruments that are held for trading are classified as FVTPL. Cash is classified at FVTPL and accounts payables at amortized cost.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

ii. Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

iii. Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

iv. Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

v. Financial liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different; in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on de-recognition are generally recognized in profit or loss.

Share based compensation

The Company records all share-based payments at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation mode.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to share based compensation reserve. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share based compensation.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Recent accounting pronouncements

Certain new accounting standards, amendments to standards and interpretations that have been issued but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's financial statements

4. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

Share issuances

No shares were issued for the period ended July 31, 2025.

Stock Options

The Company has adopted an incentive share option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with requirements, grant to directors, officers, employees and technical consultants of the Company, non transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at closing.

As at July 31, 2025, the following options were outstanding and exercisable:

Expiry	Number of Options	Weighted Average Exercise Price ($)	Weighted Average Remaining Life
July 19, 2026	500,000	$ 0.10	0.97 Years

Escrow Shares

As of July 31, 2025, a total number of 3,000,000 shares are held in escrow. Pursuant to the terms of the escrow agreement, 750,000 of these shares will be released on the date of the QT completion and the remaining shares will be released over a period of three months.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at July 31, 2025, the Company's only financial instruments are comprised of cash, accounts receivable and trade payables. The fair values of these financial instruments approximate their carrying value due to their short- term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at July 31, 2025, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations and is related to cash held at reputable financial institutions . The Company believes it has no significant credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at July 31, 2025, the Company had a cash balance of $1,046,679 to settle current and future liabilities of $156,324 and as such, is not exposed to significant liquidity risk.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(e) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(f) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at July 31, 2025, the Company's shareholders' equity was $891,637. The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

Cash from proceeds from share issuances have the following permitted uses until the completion of a Qualifying Transaction pursuant to section 7.1 of TSX-V policy 2.4:

(a) Reasonable expenses relating to the Company's Initial Public Offering;

(b) Reasonable general and administrative expenses not exceeding $3,000 per month; and

(c) Reasonable expenses relating to a proposed Qualifying Transaction.

7. RELATED PARTY TRANSACTIONS

During the period ended July 31, 2025, the Company accrued $6,300 (2024 - $6,300) in office administration fees to a director of the Company.

During the period ended July 31, 2025, the Company accrued $9,450 (2024 - $9,450) for office rent to a director of the Company.

During the period ended July 31, 2025, the Company accrued and paid $3,150 (2024 - $3,150) in accounting fees to a director of the Company.

As at July 31, 2025, $26,775 (2024 - $17,225) is due to directors of the Company, which is included in accounts payable and accrued liabilities.

8. PROPOSED TRANSACTION

On July 5, 2024 and amended on July 31, 2024 and March 31, 2025, the Company executed a Letter of Intent ("LOI") with SciSparc Ltd. ("SciSparc"), a public Israel based company in respect to an arms-length asset and share sale transaction. The transaction is expected to constitute the Company's QT as such term is defined in policies of the Exchange.

Pursuant to the terms of the LOI, SciSparc and the Company will enter into an asset and share purchase agreement whereby SciSparc will convey and transfer to the Company certain assets including certain pharmaceutical intellectual property assets and its approximate 51% equity interest in Scisparc Nutraceuticals Inc. in consideration for 63,300,000 common shares in the capital of the Company ("Resulting Issuer Shares") and 48,000,000 contingent value rights of the Company ("Resulting Issuer CVRs"). Each Resulting Issuer CVR entitles SciSparc to one (1) additional Resulting Issuer Share for no additional consideration upon the achievement of certain milestones prior to certain deadlines. The completion of the Proposed Transaction is subject to the satisfaction of certain conditions precedent.

Convertible Loan Transaction

Upon closing of the Proposed Transaction, subject to the approval of the Exchange, SciSparc, or a third party on its behalf, is expected to provide a unsecured convertible loan to the Resulting Issuer in the principal amount of up to $1,000,000 (the "Convertible Loan"), which shall mature on the two year anniversary of the date of the issuance thereof and shall bear interest at the simple rate of 7% per annum. The Convertible Loan provides SciSparc, or the third party, the option to convert the outstanding principal and interest under the Convertible Loan into Resulting Issuer Shares at a price of $0.25 per share, subject to customary anti-dilution adjustments.

In connection with the Convertible Loan, subject to the approval of the Exchange, the Resulting Issuer expects to also issue 4,000,000 Resulting Issuer Share purchase warrants ("Bonus Warrants") to SciSparc, whereby each Bonus Warrant will entitle the holder thereof to acquire one additional Resulting Issuer Share at an exercise price of $0.25 for a period of 5 years from the date of issuance.

Finder's Fee

Upon closing of the Proposed Transaction, the Company intends to issue 3,000,000 Resulting Issuer Shares (the "Finders' Fee Shares") to certain finders (the "Finders") as compensation for providing advisory services in connection with the Proposed Transaction. Each of the Finders are expected to be arm's length to both the Company and SciSparc.

Promissory Note

Prior to completion of the transaction, the Company anticipates completing an arm's length promissory note ("Note") financing for gross proceeds of not less than USD$350,000, whereby such indebtedness will incur 7.0% interest per annum and will mature 13 months from the date of issuance of the Note.

8. PROPOSED TRANSACTION *(continued)*

Upon closing of the Proposed Transaction, the parties expect 84,400,000 Resulting Issuer Shares will be issued and outstanding on a non-diluted basis, which is comprised of the 63,300,000 Resulting Issuer Shares, 18,100,000 existing Company shares, and the 3,000,000 Finders' Fee Shares and approximately 140,900,000 Resulting Issuer Shares issued and outstanding on a fully-diluted basis, which also includes the 48,000,000 Resulting Issuer CVRs, 500,000 existing Company stock options, 4,000,000 Resulting Issuer Shares issuable upon conversion of the Convertible Loan, and the 4,000,000 Bonus Warrants, with existing shareholders of the Company holding approximately 21.45% of the outstanding Resulting Issuer Shares, SciSparc holding approximately 75% of the outstanding Resulting Issuer Shares and the Finders holding approximately 3.55% of the outstanding Resulting Issuer Shares, in each case, on a non-diluted basis.

SCHEDULE D

MIZA MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JULY 31, 2025

Management Discussion and Analysis MIZA

III VENTURES INC.

For the Three and Six Months Ended July 31, 2025

The Management Discussion and Analysis ("MD&A"), prepared October 8, 2025 should be read in conjunction with the interim operating results and financial position and cash flows for the period ended July 31, 2025 and related notes (the "financial statements") of Miza III Ventures Inc. ("Miza III" or the "Company"), which were prepared in accordance with International Financial Reporting Standards ("IFRS").
All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted. Readers are cautioned that this MD&A contains certain forward-looking information. Please see the "Forward-Looking Statements" section below for a discussion of the use of such information in this MD&A.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements" within the meaning of Canadian securities laws. Forward-looking statements reflect the Company's current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions, including those discussed above.

Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as "intends", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements.

Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this Prospectus are made as of the date of this Prospectus. There can be no assurance that forward-looking 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. The Company will update forward-looking statements in its management discussion and analysis as required.

DESCRIPTION OF BUSINESS

MIZA III VENTURES INC. (the "Company") is a company domiciled in Canada. The Company was incorporated on January 18, 2021 under the laws of the Province of British Columbia. The address of the Company's registered and head office is Suite 600, 890 West Pender Street, Vancouver, B.C., V6C 1J9.

The Company was seeking to be a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("Exchange").

Report will also be made available on SEDAR at www.sedarplus.ca.

SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

Issued

No shares were issued for the period ended July 31, 2025.

The Company has 18,100,000 shares issued and outstanding as at July 31, 2025.

Stock Options

The Company granted stock options to its directors and officers to purchase an aggregate of 500,000 common shares at a price of $0.10 per common share exercisable for a period of five years from the date of grant on July 19,2021.

Escrow Shares

As of July 31, 2025, a total number of 3,000,000 shares are held in escrow. Pursuant to the terms of the escrow agreement, 750,000 of these shares will be released on the date of the QT completion and the remaining shares will be released over a period of 12 months.

SELECTED ANNUAL INFORMATION

	Year Ended January 31, 2025	Year Ended January 31, 2024	Year Ended January 31, 2023
Revenue	$ Nil	$ Nil	$ Nil
Comprehensive loss	$ (255,459)	$ (104,716)	$ (79,864)
Basic and Diluted Loss per Share	$ (0.014)	$ (0.006)	$ (0.004)
Weigh number of common shares outstanding	18,100,000	18,100,000	18,000,000
Statement of Financial Position data			
Working capital Total	$ 924,629	$ 1,180,088	$ 1,274,804
Total Assets	$ 1,080,628	$ 1,221,440	$ 1,283,954

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial data reported by the Company for the three months ended July 31, 2025 and the previous 8 quarters.

	Three Months Ended			
	July 31, 2025	April 30, 2025	January 31, 2025	October 31, 2024
Current assets	$ 1,047,961	$ 1,074,464	$ 1,080,628	$ 1,096,254
Total assets	$ 1,047,961	$ 1,074,464	$ 1,080,628	$ 1,096,254
Current liabilities	$ 156,324	$ 165,449	$ 155,999	$ 12,035
Share capital	$ 1,480,643	$ 1,480,643	$ 1,480,643	$ 1,480,643
Comprehensive loss	$ (17,378)	$ (15,614)	$ (159,591)	$ (16,505)
Basic loss per share	$ 0.00	$ (0.01)	$ (0.01)	$ 0.00
Outstanding shares	18,100,000	18,100,000	18,100,000	18,100,000

	Three Months Ended			
	July 31, 2024	April 30, 2024	January 31, 2024	October 31, 2023
Current assets	$ 1,121,267	$ 1,183,229	$ 1,221,400	$ 1,228,951
Total assets	$ 1,121,267	$ 1,183,229	$ 1,221,400	$ 1,228,951
Current liabilities	$ 47,364	$ 28,712	$ 21,950	$ 14,175
Share capital	$ 1,480,642	$ 1,480,643	$ 1,475,041	$ 1,475,041
Comprehensive loss	$ (80,613)	$ (25,571)	$ (34,687)	$ (11,977)
Basic loss per share	$ (0.01)	$ 0.00	$ 0.00	$ 0.00
Outstanding shares	18,100,000	18,100,000	18,100,000	18,100,000

RESULT OF OPERATIONS

Three Months ended July 31, 2025

During the period ended July 31, 2025, the Company recorded a loss of $17,378. The loss is mainly due to professional fees of $4,047, listing fees of $1,673 and filing fees of $808 incurred during the period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash on July 31, 2025, was $ 1,046,679 compared to July 31, 2024 balance of $1,119,985. Working capital decreased to $891,637 as of July 31, 2025, compared to $1,073,904 as of July 31, 2024, due to normal operating expenses.

Cash used in operating activities for the six months ended July 31, 2025, was $32,667 (July 31, 2024 - $100,133) which was attributed to the loss during the period of $32,992 (July 31, 2024 – $106,184).

The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

As of July 31, 2025, the Company has no material cash contractual obligations.

RELATED PARTY TRANSACTIONS

During the six months ended July 31, 2025, the Company accrued $6,300 (2024 - $6,300) office administration fees to a director of the Company.

During the six months ended July 31, 2025 the Company accrued $9,450 (2024 - $9,450) for office rent to a director of the Company.

During the six months ended July 31, 2025, the Company accrued $3,150 (2024 - $3,150) in accounting fees to a director of the Company, which was included in professional fees.

As at July 31, 2025, $26,775 (2024 - $17,225) is due to directors of the Company, which is included in accounts payable and accrued liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations or financial condition.

LEGAL PROCEEDINGS

The Company has not been a party to any legal proceedings since inception.

COMMITMENTS

The Company has no long-term commitments.

PROPOSED TRANSACTION

On July 5, 2024, and as amended on July 31, 2024, the Company executed a Letter of Intent ("LOI") with SciSparc Ltd. ("SciSparc"), a public Israel based company in respect to an arms-length asset and share sale transaction. The transaction is expected to constitute the Company's QT as such term is defined in policies of the Exchange.

Pursuant to the terms of the LOI, SciSparc and the Company will enter into an asset and share purchase agreement whereby SciSparc will convey and transfer to the Company certain assets including certain pharmaceutical intellectual property assets and its approximate 51% equity interest in Scisparc Nutraceuticals Inc. in consideration for 63,300,000 common shares in the capital of the Company ("Resulting Issuer Shares") and 48,000,000 contingent value rights of the Company ("Resulting Issuer CVRs"). Each Resulting Issuer CVR entitles SciSparc to one (1) additional Resulting Issuer Share for no additional consideration upon the achievement of certain milestones prior to certain deadlines. The completion of the Proposed Transaction is subject to the satisfaction of certain conditions precedent.

Convertible Loan Transaction

Upon closing of the Proposed Transaction, subject to the approval of the Exchange, SciSparc, or a third party on its behalf, is expected to provide a unsecured convertible loan to the Resulting Issuer in the principal amount of up to $1,000,000 (the "Convertible Loan"), which shall mature on the two year anniversary of the date of the issuance thereof and shall bear interest at the simple rate of 7% per annum. The Convertible Loan provides SciSparc, or the third party, the option to convert the outstanding principal and interest under the Convertible Loan into Resulting Issuer Shares at a price of $0.25 per share, subject to customary anti-dilution adjustments.

In connection with the Convertible Loan, subject to the approval of the Exchange, the Resulting Issuer expects to also issue 4,000,000 Resulting Issuer Share purchase warrants ("Bonus Warrants") to SciSparc, whereby each Bonus Warrant will entitle the holder thereof to acquire one additional Resulting Issuer Share at an exercise price of $0.25 for a period of 5 years from the date of issuance.

Finder's Fee

Upon closing of the Proposed Transaction, Miza intends to issue 3,000,000 Resulting Issuer Shares (the "Finders' Fee Shares") to certain finders (the "Finders") as compensation for providing advisory services in connection with the Proposed Transaction. Each of the Finders are expected to be arm's length to both Miza and SciSparc.

Promissory Note

Prior to completion of the transaction, the Company anticipates completing an arm's length promissory note financing for gross proceeds of not less than USD$350,000, whereby such indebtedness will incur 7.0% interest per annum and will mature 13 months from the date of issuance of the USD Note.

Upon closing of the proposed transaction, the parties expect 84,400,000 Resulting Issuer Shares will be issued and outstanding on a non-diluted basis, which is comprised of the 63,300,000 Resulting Issuer Shares, 18,100,000 existing Company shares, and the 3,000,000 Finders' Fee Shares and approximately 140,900,000 Resulting Issuer Shares issued and outstanding on a fully-diluted basis, which also includes the 48,000,000 Resulting Issuer CVRs, 500,000 existing Company stock options, 4,000,000 Resulting Issuer Shares issuable upon conversion of the Convertible Loan, and the 4,000,000 Bonus Warrants, with existing shareholders of the Company holding approximately 21.45% of the outstanding Resulting Issuer Shares, SciSparc holding approximately 75% of the outstanding Resulting Issuer Shares and the Finders holding approximately 3.55% of the outstanding Resulting Issuer Shares, in each case, on a non-diluted basis.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties including dependence on key personnel, the requirement and ability to raise additional capital through future financing.

Future Financings

The Company's continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

Dependence on Key Personnel

The success of the Company is currently largely dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers, or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

SCHEDULE E

CARVE-OUT ABBREVIATED AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024, AND DECEMBER 31, 2023

CARVE-OUT FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

U.S. DOLLARS IN THOUSANDS

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

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AUDITORS' REPORT

To the Shareholders of

SciSparc Ltd.

Opinion

We have audited the accompanying Carve-Out Financial Statements of Scisparc Ltd. (the "Company") which comprise the Carve-out balance sheets as of December 31, 2024 and 2023, and the related Carve-out statements of operations, changes in shareholders' equity and cash flows for the years then ended, and the related notes (collectively, the "Carve-Out Financial Statements").

In our opinion, the accompanying Carve-Out Financial Statements present fairly, in all material respects, the carve-out financial position of the Company at December 31, 2024 and 2023 and the carve-out results of operations, changes in shareholders' equity and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Carve-Out Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying Carve-Out Financial Statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the Carve-Out Financial Statements, for the year ended December 31, 2024, the Company incurred net losses of $1,707 and had accumulated losses from previous years in the amount of $ 14,355. The Carve-out operation is dependent on the Group's ability to raise additional funds from existing and/or new investors. This dependency will continue until the Group is able to completely finance its operations by generating revenue from its products.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying Carve-Out Financial Statements do not include any adjustments with respect to the carrying amounts of assets and liabilities and their classification that might be necessary should the Company be unable to continue to operate as a going concern.

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 to the Carve-Out Financial Statements, which describes that the accompanying Carve-Out Financial Statements were prepared for the purpose of complying with the rules and regulations of the TSXV and are not intended to be a complete presentation of the financial position of the Company as of December 31, 2024, and the results of its operations for the year then ended. As a result, the Carve-Out Financial Statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Carve-Out Financial Statements

Management is responsible for the preparation and fair presentation of the Carve-Out Financial Statements, in accordance with IFRS as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Carve-Out Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Carve-Out Financial Statements

Our objectives are to obtain reasonable assurance about whether the Carve-Out Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Carve-Out Financial Statements.

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Carve-Out Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Carve-Out Financial Statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Carve-Out Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Kost Forer Gabbay and Kasierer

KOST FORER GABBAY & KASIERER
A Member of EY Global

Tel-Aviv, Israel
October 9, 2025

Carve-out Balance Sheets
As of December 31, 2024
(U.S. dollars in thousands)

	December 31, 2024	December 31, 2023
ASSETS		
Total Assets	$ -	$ -
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total liabilities	$ -	$ -
Shareholders' equity		
Reserve	16,062	14,355
Accumulated deficit	(16,062)	(14,355)
Total shareholders' equity	-	-
Total liabilities and shareholders' equity	$ -	$ -

Carve-out Statements of Operations
(U.S. dollars in thousands)

	Note	Year ended December 31,	
		2024	2023
Operating expenses:			
Research and development	3	$ 1,707	$ 1,641
Net loss		$ 1,707	$ 1,641

Carve-Out Statements of Changes in Shareholders' Equity
(U.S. dollars in thousands)

	Reserve	Accumulated deficit	Total Shareholders' equity
BALANCE AT JANUARY 1, 2023	$ 12,714	$ (12,714)	$ -
Loss for the period	-	(1,641)	(1,641)
Capital contribution	1,641	-	1,641
BALANCE AT DECEMBER 31, 2023	$ 14,335	$ (14,335)	$ -
Loss for the period	-	(1,707)	(1,707)
Capital contribution	1,707	-	1,707
BALANCE AT DECEMBER 31, 2024	$ 16,062	$ (16,062)	$ -

Carve-out Statements of Cashflows
(U.S. dollars in thousands)

	Year ended December 31, 2024	Year ended December 31, 2023
Cash flows from operating activities		
Net loss for the period	$ (1,707)	$ (1,641)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-based compensation	45	34
Net cash used in operating activities	(1,662)	(1,607)
Cash flows from financing activities		
Funds raised from parent company	1,662	1,607
Net cash provided by financing activities	1,662	1,607
Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	$ -	$ -

NOTES TO THE CARVE-OUT FINANCIAL STATEMENTS
(in thousands, except share and per share data)

NOTE 1 - GENERAL INFORMATION

Nature of Operations

SciSparc Ltd. (the "Company" or "SciSparc"), a pharmaceutical company, was incorporated in Israel and commenced its operations on August 23, 2004. In August 2015, the Company decided to adopt a new business strategy and began focusing on developing a portfolio of approved drugs based on cannabinoid molecules. With this focus, the Company is currently engaged in development programs based on Δ9-tetrahydrocannabinol ("THC") and/or non-psychoactive cannabidiol for the treatment of Tourette syndrome, Alzheimer's disease and agitation, pain, autism spectrum disorder and Status Epilepticus. On August 29, 2022, the Company established a wholly owned subsidiary, SciSparc Nutraceuticals Inc ("SNI"), which was incorporated under the laws of the state of Delaware. On September 12, 2022, the Company closed the acquisition of WellutionTM (The "Brand"), a seller Amazon.com Marketplace account, American food supplements and cosmetics brand and trademark.

On July 5, 2024, Miza III Ventures Inc. (the "Acquiring Company") entered into an agreement to purchase certain intellectual property assets of SciSparc (the "Target Assets") and a majority shareholder interest (the "Target Shares") in SNI by issuing common shares of the Acquiring Company in total value of CDN$15,500,000.

The acquisition was not treated as business combination under the scope of International Financial Reporting Standard 3 (IFRS 3). The Company treats the acquisition as an acquisition of SciSparc (the "Target Assets") as a group reorganization that accounted for as a common control transaction (Pooling of Interest method). Accordingly, the company prepared carve-out financial statements for the purpose of complying with the rules and regulations of the TSXV in connection with an initial public offering (IPO) to reflect the acquisition as if it had occurred at the beginning of the earliest period presented in the statements. Therefore, the carve-out financial statements include the financial position, operating results, shareholders' equity and cash flows of the Target Assets from the transferring company.

For the year ended December 31, 2024, the Company incurred net losses of $1,707 and had accumulated losses from previous years in the amount of $ 14,355. The Carve-out operation is dependent on the Group's ability to raise additional funds from existing and/or new investors. This dependency will continue until the Group is able to completely finance its operations by generating revenue from its products.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying Carve-Out Financial Statements do not include any adjustments with respect to the carrying amounts of assets and liabilities and their classification that might be necessary should the Company be unable to continue to operate as a going concern.

Basis of Presentation

These accompanying Carve-Out Financial Statements have been prepared on a carve-out basis from the Company's accounting records to represent the operating activities of the Target Assets being purchased by the Acquiring Company on a stand-alone basis as of December 31, 2024, and December 31, 2023, and for the years ended December 31, 2024 and 2023 in accordance with International Financial Reporting Standards (IFRS). These Carve-Out Financial Statements are not intended to be a complete presentation of the financial position and results of operations of the Company as they do not include corporate overhead, interest and income tax allocations and other income and expense items not directly associated with operations of the Company.

NOTE 1 - GENERAL INFORMATION (Cont.)

The Carve-Out Statement of Operations are direct operating expenses of the intellectual property related assets and represents the entire R&D expenses as presents in the consolidated financial statements of Scisparc ltd, a public company traded on the NASDAQ stock exchange. Certain indirect expenses were not allocated and have been excluded from the Carve Out Financial Statements. The Carve-Out Financial Statements do not include interest expenses, income tax expenses and corporate-level overhead costs, such as executive management, accounting, tax, legal, compliance, and other general support functions at corporate-level, as these costs are not directly associated with the operating activities of the Company. The financial information presented herein is not fully indicative of the results that would have been achieved had the Business operated as a separate, stand-alone entity during the periods presented. In addition, the Carve-Out Financial Statements are not indicative of the financial condition or results of operations to be expected in the future.

These Carve-Out Financial Statements are prepared on the historical cost basis. The accounting policies have been consistently applied to all the periods presented. The Carve-Out Financial Statements are presented in U.S. dollars which is the functional currency of the Company as this is the principal currency of the economic environment in which the Company operates.

NOTE 2 -SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the Carve-Out Financial Statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

- These Carve-Out Financial Statements have been prepared in accordance with IFRS, as issued by the IASB.
- The Company's Carve-Out Financial Statements have been prepared on a cost basis, unless otherwise indicated.
- The Company has elected to present the profit or loss items using the function of expense method.
- The Carve-Out Financial Statements are presented in USD and all values are rounded to the nearest thousand ('000), except when otherwise indicated.

b. The operating cycle:

The operating cycle of the Company is one year.

c. Functional currency and foreign currency:

The functional currency of the Company, which is the currency that best reflects the economic environment in which the Company operates and conducts its transactions is the U.S. Dollar ("USD" or "$"), since it's the primary currency of the economic environment in which the Company operates. The Carve-Out Financial Statements are also presented in USD since the Company believes that preparing the Carve-Out Financial Statements in USD provides more relevant information to the users of the Carve-Out Financial Statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Use of Accounting Estimates and Judgments:

The preparation of the Carve-Out Financial Statements in conformity with the recognition and measurement principles of IFRS requires management to make certain judgments, estimates, and assumptions that affect the reported amounts in the accompanying Carve-Out Financial Statements and in the related disclosures. These estimates are based on information available as of December 31, 2024, the date of the Carve-Out Financial Statements, and may differ from the actual results.

e. Research and development expenditures:

Research expenditures are recognized in profit or loss when incurred.

The conditions enabling capitalization of development costs as an asset have not yet been met and, therefore, all development expenditures are recognized in profit or loss when incurred.

NOTE 3 - RESEARCH AND DEVELOPMENT EXPENSES

	December 31,	
	2024	2023
Wages and related expenses	$ 390	$ 392
Share based compensation	45	34
Clinical studies	276	254
Research and preclinical studies	211	101
Chemistry and formulations	104	141
Regulatory and other expenses	681	719
	$ 1,707	$ 1,641

NOTE 4 – TAXES ON INCOME

The Company did not record deferred tax assets with respect to net operating losses incurred by the Company since it is not probable that they will generate a taxable income in future years.

SCHEDULE F

CARVE-OUT ABBREVIATED AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023, AND DECEMBER 31, 2022

CARVE-OUT FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023

U.S. DOLLARS IN THOUSANDS

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

AUDITORS' REPORT

To the Shareholders of

SciSparc Ltd.

Opinion

We have audited the accompanying Carve-Out Financial Statements of Scisparc Ltd. (the "Company") which comprise the Carve-out balance sheets as of December 31, 2023 and 2022, and the related Carve-out statements of operations, changes in shareholders' equity and cash flows for the years then ended, and the related notes (collectively, the "Carve-Out Financial Statements").

In our opinion, the accompanying Carve-Out Financial Statements present fairly, in all material respects, the carve-out financial position of the Company at December 31, 2023 and 2022 and the carve-out results of operations, changes in shareholders' equity and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Carve-Out Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying Carve-Out Financial Statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the Carve-Out Financial Statements, for the year ended December 31, 2023, the Company incurred net losses of $1,641 and had accumulated losses from previous years in the amount of $ 12,714. The Carve-out operation is dependent on the Group's ability to raise additional funds from existing and/or new investors. This dependency will continue until the Group is able to completely finance its operations by generating revenue from its products.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying Carve-Out Financial Statements do not include any adjustments with respect to the carrying amounts of assets and liabilities and their classification that might be necessary should the Company be unable to continue to operate as a going concern.

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 to the Carve-Out Financial Statements, which describes that the accompanying Carve-Out Financial Statements were prepared for the purpose of complying with the rules and regulations of the TSXV and are not intended to be a complete presentation of the financial position of the Company as of December 31, 2023 and the results of its operations for the year then ended. As a result, the Carve-Out Financial Statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Carve-Out Financial Statements

Management is responsible for the preparation and fair presentation of the Carve-Out Financial Statements, in accordance with IFRS as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Carve-Out Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Carve-Out Financial Statements

Our objectives are to obtain reasonable assurance about whether the Carve-Out Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Carve-Out Financial Statements.

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Carve-Out Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Carve-Out Financial Statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Carve-Out Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Kost Forer Gabbay and Kasierer

KOST FORER GABBAY & KASIERER
A Member of EY Global

Tel-Aviv, Israel
October 9, 2025

Carve-out Balance Sheets
As of December 31, 2023
(U.S. dollars in thousands)

	December 31, 2023	December 31, 2022
ASSETS		
Total Assets	$ -	$ -
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total liabilities	$ -	$ -
Shareholders' equity		
Reserve	14,355	12,714
Accumulated deficit	(14,355)	(12,714)
Total shareholders' equity	-	-
Total liabilities and shareholders' equity	$ -	$ -

Carve-out Statements of Operations
(U.S. dollars in thousands)

	Note	Year ended December 31,	
		2023	2022
Operating expenses:			
Research and development	3	$ 1,641	$ 2,803
Net loss		$ 1,641	$ 2,803

Carve-Out Statements of Changes in Shareholders' Equity
(U.S. dollars in thousands)

	Reserve	Accumulated deficit	Total Shareholders' equity
BALANCE AT JANUARY 1, 2022	$ 9,911	$ (9,911)	$ -
Loss for the period	-	(2,803)	(2,803)
Capital contribution	2,803	-	2,803
BALANCE AT DECEMBER 31, 2022	$ 12,714	$ (12,714)	$ -
Loss for the period	-	(1,641)	(1,641)
Capital contribution	1,641	-	1,641
BALANCE AT DECEMBER 31, 2023	$ 14,335	$ (14,335)	$ -

Carve-out Statements of Cashflows
(U.S. dollars in thousands)

	Year ended December 31, 2023	Year ended December 31, 2022
Cash flows from operating activities		
Net loss for the period	$ (1,641)	$ (2,803)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-based compensation	34	264
Net cash used in operating activities	(1,607)	(2,539)
Cash flows from financing activities		
Funds raised from parent company	1,607	2,539
Net cash provided by financing activities	1,607	2,539
Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	$ -	$ -

NOTES TO THE CARVE-OUT FINANCIAL STATEMENTS
(in thousands, except share and per share data)

NOTE 1 - GENERAL INFORMATION

Nature of Operations

SciSparc Ltd. (the "Company" or "SciSparc"), a pharmaceutical company, was incorporated in Israel and commenced its operations on August 23, 2004. In August 2015, the Company decided to adopt a new business strategy and began focusing on developing a portfolio of approved drugs based on cannabinoid molecules. With this focus, the Company is currently engaged in development programs based on Δ9-tetrahydrocannabinol ("THC") and/or non-psychoactive cannabidiol for the treatment of Tourette syndrome, Alzheimer's disease and agitation, pain, autism spectrum disorder and Status Epilepticus. On August 29, 2022, the Company established a wholly owned subsidiary, SciSparc Nutraceuticals Inc ("SNI"), which was incorporated under the laws of the state of Delaware. On September 12, 2022, the Company closed the acquisition of WellutionTM (The "Brand"), a seller Amazon.com Marketplace account, American food supplements and cosmetics brand and trademark.

On July 5, 2024, Miza III Ventures Inc. (the "Acquiring Company") entered into an agreement to purchase certain intellectual property assets of SciSparc (the "Target Assets") and a majority shareholder interest (the "Target Shares") in SNI by issuing common shares of the Acquiring Company in total value of CDN$15,500,000.

The acquisition was not treated as business combination under the scope of International Financial Reporting Standard 3 (IFRS 3). The Company treats the acquisition as an acquisition of SciSparc (the "Target Assets") as a group reorganization that accounted for as a common control transaction (Pooling of Interest method). Accordingly, the company prepared carve-out financial statements for the purpose of complying with the rules and regulations of the TSXV in connection with an initial public offering (IPO) to reflect the acquisition as if it had occurred at the beginning of the earliest period presented in the statements. Therefore, the carve-out financial statements include the financial position, operating results, shareholders' equity and cash flows of the Target Assets from the transferring company.

For the year ended December 31, 2023, the Company incurred net losses of $1,641 and had accumulated losses from previous years in the amount of $ 12,714. The Carve-out operation is dependent on the Group's ability to raise additional funds from existing and/or new investors. This dependency will continue until the Group is able to completely finance its operations by generating revenue from its products.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying Carve-Out Financial Statements do not include any adjustments with respect to the carrying amounts of assets and liabilities and their classification that might be necessary should the Company be unable to continue to operate as a going concern.

Basis of Presentation

These accompanying Carve-Out Financial Statements have been prepared on a carve-out basis from the Company's accounting records to represent the operating activities of the Target Assets being purchased by the Acquiring Company on a stand-alone basis as of December 31, 2023, and December 31, 2022, and for the years ended December 31, 2023 and 2022 in accordance with International Financial Reporting Standards (IFRS). These Carve-Out Financial Statements are not intended to be a complete presentation of the financial position and results of operations of the Company as they do not include corporate overhead, interest and income tax allocations and other income and expense items not directly associated with operations of the Company.

NOTE 1 - GENERAL INFORMATION (Cont.)

The Carve-Out Statement of Operations are direct operating expenses of the intellectual property related assets and represents the entire R&D expenses as presents in the consolidated financial statements of Scisparc ltd, a public company traded on the NASDAQ stock exchange. Certain indirect expenses were not allocated and have been excluded from the Carve Out Financial Statements. The Carve-Out Financial Statements do not include interest expenses, income tax expenses and corporate-level overhead costs, such as executive management, accounting, tax, legal, compliance, and other general support functions at corporate-level, as these costs are not directly associated with the operating activities of the Company. The financial information presented herein is not fully indicative of the results that would have been achieved had the Business operated as a separate, stand-alone entity during the periods presented. In addition, the Carve-Out Financial Statements are not indicative of the financial condition or results of operations to be expected in the future.

These Carve-Out Financial Statements are prepared on the historical cost basis. The accounting policies have been consistently applied to all the periods presented. The Carve-Out Financial Statements are presented in U.S. dollars which is the functional currency of the Company as this is the principal currency of the economic environment in which the Company operates.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the Carve-Out Financial Statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

- These Carve-Out Financial Statements have been prepared in accordance with IFRS, as issued by the IASB.
- The Company's Carve-Out Financial Statements have been prepared on a cost basis, unless otherwise indicated.
- The Company has elected to present the profit or loss items using the function of expense method.
- The Carve-Out Financial Statements are presented in USD and all values are rounded to the nearest thousand ('000), except when otherwise indicated.

b. The operating cycle:

The operating cycle of the Company is one year.

c. Functional currency and foreign currency:

The functional currency of the Company, which is the currency that best reflects the economic environment in which the Company operates and conducts its transactions is the U.S. Dollar ("USD" or "$"), since it's the primary currency of the economic environment in which the Company operates. The Carve-Out Financial Statements are also presented in USD since the Company believes that preparing the Carve-Out Financial Statements in USD provides more relevant information to the users of the Carve-Out Financial Statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Use of Accounting Estimates and Judgments:

The preparation of the Carve-Out Financial Statements in conformity with the recognition and measurement principles of IFRS requires management to make certain judgments, estimates, and assumptions that affect the reported amounts in the accompanying Carve-Out Financial Statements and in the related disclosures. These estimates are based on information available as of December 31, 2023, the date of the Carve-Out Financial Statements, and may differ from the actual results.

e. Research and development expenditures:

Research expenditures are recognized in profit or loss when incurred.

The conditions enabling capitalization of development costs as an asset have not yet been met and, therefore, all development expenditures are recognized in profit or loss when incurred.

NOTE 3 - RESEARCH AND DEVELOPMENT EXPENSES:

	December 31,	
	2023	**2022**
Wages and related expenses	$ 392	$ 436
Share based compensation	34	264
Clinical studies	254	369
Research and preclinical studies	101	703
Chemistry and formulations	141	281
Regulatory and other expenses	719	750
	$ 1,641	$ 2,803

NOTE 4 – TAXES ON INCOME

The Company did not record deferred tax assets with respect to net operating losses incurred by the Company since it is not probable that they will generate a taxable income in future years.

SCHEDULE G

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE CARVE-OUT ABBREVIATED AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024, AND DECEMBER 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULT OF OPERATIONS

You should read the following discussion along with our financial statements and the related notes. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under "Risk Factors." Our actual results, performance and achievements may differ materially from those expressed in, or implied by, these forward-looking statements.

Overview

SciSparc Ltd. (the "Company" or "SciSparc"), a pharmaceutical company, was incorporated in Israel and commenced its operations on August 23, 2004. In August 2015, the Company decided to adopt a new business strategy and began focusing on developing a portfolio of approved drugs based on cannabinoid molecules. With this focus, the Company is currently engaged in development programs based on Δ9-tetrahydrocannabinol ("THC") and/or non-psychoactive cannabidiol for the treatment of Tourette syndrome, Alzheimer's disease and agitation, pain, autism spectrum disorder and Status Epilepticus.

On July 5, 2024, Miza III Ventures Inc. (the "Acquiring Company") entered into an agreement to purchase certain intellectual property assets of SciSparc (the "Target Assets") and a majority shareholder interest (the "Target Shares") in SNI by issuing common shares in the capital of the Acquiring Company.

Results of Operations for the year ended December 31, 2024 and December 31, 2023

Research and Development Expenses

Our research and development expenses consist primarily of salaries and related personnel expenses, regulatory and other expenses and clinical studies expenses.

The following table discloses the breakdown of research and development expenses:

	December 31,	
	2024	2023
Wages and related expenses	$ 390	$ 392
Share-based payment	45	34
Clinical studies	276	254
Regulatory, professional and other expenses	681	719
Research and preclinical studies	211	101
Chemistry and formulations	104	141
	$ 1,707	$ 1,641

Our research and development expenses for the year ended December 31, 2024, amounted to $1,707 thousand, representing an increase of $66 thousand, or 4%, compared to $1,641thousand for the year ended December 31, 2023. The increase resulted primarily from an increase in research and preclinical studies expenses, which amounted for $211 thousand for the year ended December 31, 2024, compared to $101 for the year ended December 31, 2023.

SCHEDULE H

INTERIM CARVE-OUT ABBREVIATED FINANCIAL STATEMENTS AS OF JUNE 30, 2025

INTERIM CARVE-OUT FINANCIAL STATEMENTS

AS OF JUNE 30, 2025

U.S. DOLLARS IN THOUSANDS

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Carve-out Interim Balance Sheets
As of June 30, 2025
(U.S. dollars in thousands)

	June 30, 2025 Unaudited	December 31, 2024
ASSETS		
Total Assets	$ -	$ -
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total liabilities	$ -	$ -
Shareholders' equity		
Reserve	17,018	16,062
Accumulated deficit	(17,018)	(16,062)
Total shareholders' equity	-	-
Total liabilities and shareholders' equity	$ -	$ -

Carve-out Interim Statements of Operations
(U.S. dollars in thousands)

	Note	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Operating expenses:					
Research and development expenses	3	**412**	466	**956**	841
Net Loss		**$ 412**	**$** 466	**$ 956**	**$** 841

Carve-Out Interim Statements of Changes in Shareholders' Equity
(U.S. dollars in thousands)

	Reserve	Accumulated deficit	Total Shareholders' equity
BALANCE AT JANUARY 1, 2024	$ 14,335	$ (14,335)	$ -
Loss for the period	-	(841)	(841)
Capital contribution	841	-	841
BALANCE AT JUNE 30, 2024	$ 15,176	$ (15,176)	$ -

	Reserve	Accumulated deficit	Total Shareholders' equity
BALANCE AT JANUARY 1, 2025	$ 16,062	$ (16,062)	$ -
Loss for the period	-	(956)	(956)
Capital contribution	956	-	956
BALANCE AT JUNE 30, 2025	$ 17,018	$ (17,018)	$ -

Carve-out Interim Statements of Cashflows
(U.S. dollars in thousands)

	Six months ended June 30, 2025	Six months ended June 30, 2024
Cash flows from operating activities		
Net loss for the period	$ (956)	$ (841)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-based compensation	42	8
Net cash used in operating activities	(914)	(833)
Cash flows from financing activities		
Funds raised from parent company	914	833
Net cash provided by financing activities	914	833
Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	$ -	$ -

NOTES TO THE CARVE-OUT INTERIM FINANCIAL STATEMENTS
(in thousands, except share and per share data)

NOTE 1 - GENERAL INFORMATION

Nature of Operations

SciSparc Ltd. (the "Company" or "SciSparc"), a pharmaceutical company, was incorporated in Israel and commenced its operations on August 23, 2004. In August 2015, the Company decided to adopt a new business strategy and began focusing on developing a portfolio of approved drugs based on cannabinoid molecules. With this focus, the Company is currently engaged in development programs based on Δ9-tetrahydrocannabinol ("THC") and/or non-psychoactive cannabidiol for the treatment of Tourette syndrome, Alzheimer's disease and agitation, pain, autism spectrum disorder and Status Epilepticus. On August 29, 2022, the Company established a wholly owned subsidiary, SciSparc Nutraceuticals Inc ("SNI"), which was incorporated under the laws of the state of Delaware. On September 12, 2022, the Company closed the acquisition of WellutionTM (The "Brand"), a seller Amazon.com Marketplace account, American food supplements and cosmetics brand and trademark.

On July 5, 2024, Miza III Ventures Inc. (the "Acquiring Company") entered into an agreement to purchase certain intellectual property assets of SciSparc (the "Target Assets") and a majority shareholder interest (the "Target Shares") in SNI by issuing common shares of the Acquiring Company in total value of CDN$15,500,000.

The acquisition was not treated as business combination under the scope of International Financial Reporting Standard 3 (IFRS 3). The Company treats the acquisition as an acquisition of SciSparc (the "Target Assets") as a group reorganization that accounted for as a common control transaction (Pooling of Interest method). Accordingly, the company prepared carve-out financial statements for the purposes of complying with the rules and regulations of the TSXV in connection with an initial public offering (IPO) to reflect the acquisition as if it had occurred at the beginning of the earliest period presented in the statements. Therefore, the carve-out financial statements include the financial position, operating results, shareholders' equity and cash flows of the Target Assets from the transferring company.

For the six months period ended June 30, 2025, the Company incurred net losses of $956 and had accumulated losses from previous years in the amount of $ 16,062. The Carve-out operation is dependent on the Group's ability to raise additional funds from existing and/or new investors. This dependency will continue until the Group is able to completely finance its operations by generating revenue from its products.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying Carve-Out Abbreviated Financial Statements do not include any adjustments with respect to the carrying amounts of assets and liabilities and their classification that might be necessary should the Company be unable to continue to operate as a going concern.

Basis of Presentation

These accompanying Carve-Out Interim Financial Statements have been prepared on a carve-out basis from the Company's accounting records to represent the operating activities of the Target Assets being purchased by the Acquiring Company on a stand-alone basis as of June 30, 2025, and December 31, 2024, and for the three-and-six month period ended June 30, 2025, and the year ended December 31, 2024 in accordance with International Financial Reporting Standards (IFRS). These Carve-Out Interim Financial Statements are not intended to be a complete presentation of the financial position and results of operations of the Company as they do not include corporate overhead, interest and income tax allocations and other income and expense items not directly associated with operations of the Company.

NOTE 1 - GENERAL INFORMATION (Cont.)

The Carve-Out Interim Statement of Operations are direct operating expenses of the intellectual property related assets and represents the entire R&D expenses as presents in the consolidated interim financial statements of Scisparc ltd, a public company traded on the NASDAQ stock exchange. Certain indirect expenses were not allocated and have been excluded from the Carve Out Interim Financial Statements. The Carve-Out Interim Financial Statements do not include interest expenses, income tax expenses and corporate-level overhead costs, such as executive management, accounting, tax, legal, compliance, and other general support functions at corporate-level, as these costs are not directly associated with the operating activities of the Company. The financial information presented herein is not fully indicative of the results that would have been achieved had the Business operated as a separate, stand-alone entity during the periods presented. In addition, the Carve-Out Interim Financial Statements are not indicative of the financial condition or results of operations to be expected in the future.

These Carve-Out Interim Financial Statements are prepared on the historical cost basis. The accounting policies have been consistently applied to all the periods presented. The Carve-Out Interim Financial Statements are presented in U.S. dollars which is the functional currency of the Company as this is the principal currency of the economic environment in which the Company operates.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the Carve-Out Interim Financial Statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

- These Carve-Out Interim Financial Statements have been prepared in accordance with IFRS, as issued by the IASB, and IAS 34 Interim Financial Reporting.
- The Company's Carve-Out Interim Financial Statements have been prepared on a cost basis, unless otherwise indicated.
- The Company has elected to present the profit or loss items using the function of expense method.
- The Carve-Out Interim Financial Statements are presented in USD and all values are rounded to the nearest thousand ('000), except when otherwise indicated.

b. The operating cycle:

The operating cycle of the Company is one year.

c. Functional currency and foreign currency:

The functional currency of the Company, which is the currency that best reflects the economic environment in which the Company operates and conducts its transactions is the U.S. Dollar ("USD" or "$"), since it's the primary currency of the economic environment in which the Company operates. The Carve-Out Interim Financial Statements are also presented in USD since the Company believes that preparing the Carve-Out Interim Financial Statements in USD provides more relevant information to the users of the Carve-Out Interim Financial Statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Use of Accounting Estimates and Judgments:

The preparation of the Carve-Out Interim Financial Statements in conformity with the recognition and measurement principles of IFRS requires management to make certain judgments, estimates, and assumptions that affect the reported amounts in the accompanying Carve-Out Interim Financial Statements and in the related disclosures. These estimates are based on information available as of June 30, 2025, the date of the Carve-Out Interim Financial Statements and may differ from the actual results.

e. Research and development expenditures:

Research expenditures are recognized in profit or loss when incurred.

The conditions enabling capitalization of development costs as an asset have not yet been met and, therefore, all development expenditures are recognized in profit or loss when incurred.

NOTE 3 - RESEARCH AND DEVELOPMENT EXPENSES:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2025	**2024**	**2025**	**2024**
Wages and related expenses	**87**	123	**172**	224
Share-based payment	**20**	6	**42**	8
Clinical studies	**46**	77	**181**	117
Regulatory, professional and other expenses	**147**	216	**390**	386
Research and preclinical studies	**74**	41	**129**	100
Chemistry and formulations	**38**	3	**42**	6
	$ 412	$ 466	**$ 956**	$ 841

During the period January 1, 2019 to 30 June 30, 2025, research and development expenses amounted to a total of $11,385.

SCHEDULE I
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE INTERIM CARVE-OUT ABBREVIATED FINANCIAL STATEMENTS AS OF JUNE 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULT OF OPERATIONS

You should read the following discussion along with our financial statements and the related notes. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under "Risk Factors." Our actual results, performance and achievements may differ materially from those expressed in, or implied by, these forward-looking statements.

Overview

SciSparc Ltd. (the "Company" or "SciSparc"), a pharmaceutical company, was incorporated in Israel and commenced its operations on August 23, 2004. In August 2015, the Company decided to adopt a new business strategy and began focusing on developing a portfolio of approved drugs based on cannabinoid molecules. With this focus, the Company is currently engaged in development programs based on Δ9-tetrahydrocannabinol ("THC") and/or non-psychoactive cannabidiol for the treatment of Tourette syndrome, Alzheimer's disease and agitation, pain, autism spectrum disorder and Status Epilepticus.

On July 5, 2024, Miza III Ventures Inc. (the "Acquiring Company") entered into an agreement to purchase certain intellectual property assets of SciSparc (the "Target Assets") and a majority shareholder interest (the "Target Shares") in SNI by issuing common shares in the capital of the Acquiring Company.

Results of Operations for the six months ended June 30, 2025 and June 30, 2024 and for the year ended December 31, 2024

Research and Development Expenses

Our research and development expenses consist primarily of salaries and related personnel expenses, regulatory and other expenses and clinical studies expenses.

The following table discloses the breakdown of research and development expenses:

	Six months ended June 30,		Year Ended December 31,
	2025	2024	2024
	Unaudited		Audited
	USD in thousands		
Wages and related expenses	$ 172	$ 224	$ 390
Share-based payment	42	8	45
Clinical studies	181	117	276
Regulatory, professional and other expenses	390	386	681
Research and preclinical studies	129	100	211
Chemistry and formulations	42	6	104
	$ 956	$ 841	$ 1,707

Our research and development expenses for the six months ended June 30, 2025, amounted to $956 thousand, representing an increase of $115 thousand, or 14%, compared to $841 thousand for the six months ended June 30, 2024. The increase resulted primarily from an increase in clinical studies, which amounted to $181 thousandfor the six months ended June 30, 2025, compared to $117 thousand for the six months ended June 30, 2024.

Results of Operations for the three months ended June 30, 2025 and June 30, 2024 and for the year ended December 31, 2024

Research and Development Expenses

Our research and development expenses consist primarily of salaries and related personnel expenses, regulatory and other expenses and clinical studies expenses.

The following table discloses the breakdown of research and development expenses:

	Three months ended June 30,		Year Ended December 31,
	2025	2024	2024
	Unaudited		Audited
	USD in thousands		
Wages and related expenses	$ 87	$ 123	$ 390
Share-based payment	20	6	45
Clinical studies	46	77	276
Regulatory, professional and other expenses	147	216	681
Research and preclinical studies	74	41	211
Chemistry and formulations	38	3	104
	$ 412	$ 466	$ 1,707

Our research and development expenses for the three months ended June 30, 2025, amounted to $412 thousand, representing a decrease of $54 thousand, or 12%, compared to $466 thousand for the three months ended June 30, 2024. The decrease resulted primarily from a decrease in regulatory, professional and other expenses which amounted to $147 thousand for the three months ended June 30, 2025, compared to $216 thousand for the three months ended June 30, 2024.

SCHEDULE J

SNI AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024, AND DECEMBER 31, 2023

SCISPARC NUTRACEUTICALS INC

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

U.S. DOLLARS IN THOUSANDS

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

REPORT OF INDEPENDENT AUDITORS

To the shareholders of

SciSparc Nutraceuticals Inc

Opinion

We have audited the accompanying financial statements of SciSparc Nutraceuticals Inc (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in shareholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations, changes in shareholders' equity and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Kost Forer Gabbay and Kasierer

Tel-Aviv, Israel
October 9, 2025

KOST FORER GABBAY & KASIERER
A Member of EY Global

SCISPARC NUTRACEUTICALS INC
BALANCE SHEETS
(in thousands, except share and per share data)

	December 31 2024	December 31 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 117	$ 146
Restricted deposit	10	5
Trade receivables	10	22
Other receivables	35	1
Related Parties receivables	-	8
Inventory *(note 4)*	113	742
Total current assets	285	924
NON CURRENT ASSETS		
Intangible assets, net *(note 5)*	1,479	3,189
Total non-current assets	1,479	3,189
Total assets	$ 1,764	$ 4,113
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Trade payables	15	47
Other payables	22	21
Related party payables	189	87
Total current liabilities	226	155
SHAREHOLDER'S EQUITY		
Ordinary shares	-	-
Additional Paid in capital	5,563	5,563
Accumulated deficit	(4,025)	(1,605)
Total shareholders' equity	1,538	3,958
Total liabilities and shareholders' equity	$ 1,764	$ 4,113

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

SCISPARC NUTRACEUTICALS INC
STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	Year ended December 31,	
	2024	**2023**
Revenues	$ 1,306	$ 2,879
Cost of sales *(note7)*	(800)	(683)
Gross profit	506	2,196
Operating expenses:		
Impairment of intangible asset (*note5)*	(1,344)	(1,042)
Sales and marketing (*note 8)*	(1,514)	(2,484)
General and administrative *(note 9)*	(90)	(126)
Operating loss	$ (2,442)	$ (1,456)
Loss before taxes	$ (2,442)	$ (1,456)
Tax income (expense)	22	(22)
Net loss	$ (2,420)	$ (1,478)

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

SCISPARC NUTRACEUTICALS INC
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands, except share and per share data)

	Ordinary Shares		Additional	Accumulated	
	Number	Amount	paid-in-capital	deficit	Total
BALANCE AT DECEMBER 31, 2022	*	$ -	$ 4,861	$ (127)	$ 4,734
Issuance of share in respect of debt	-	-	702	-	702
Loss for the period	-	-	-	(1,478)	(1,478)
BALANCE AT DECEMBER 31, 2023	*	$ -	$ 5,563	$ (1,605)	$ 3,958
Loss for the period	-	-	-	(2,420)	(2,420)
BALANCE AT DECEMBER 31, 2024	*	$ -	$ 5,563	$ (4,025)	$ 1,538

* Less than 1 $ Thousand

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

SCISPARC NUTRACEUTICALS INC
STATEMENTS OF CASH FLOWS
(in thousands, except share and per share data)

	Year ended December 31,	
	2024	**2023**
Cash flows from operating activities		
Net loss for the period	$ (2,420)	$ (1,478)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization and depreciation	366	486
Loss as a result of impairment	1,344	1,042
Change in other accounts receivables	(34)	(1)
Change in related parties receivables	8	(8)
Change in trade receivables	12	55
Change in inventory	629	(74)
Change in accounts payable	(32)	(74)
Changes in related parties payables	102	-
Change in other accounts payable	1	7
	(24)	(45)
Cash flows from investing activities		
Restricted deposits	(5)	15
Purchase of intangible asset	-	-
	(5)	15
Decrease in cash and cash equivalents	(29)	(30)
Cash and cash equivalents at beginning of period	146	176
Cash and cash equivalents at end of period	$ 117	$ 146
APPENDIX A: NON-CASH ACTIVITIES		
Issuance of shares for debt	$ -	$ 702

SCISPARC NUTRACEUTICALS INC
NOTES TO THE FINANCIAL STATEMENTS
(in thousands, except share and per share data)

NOTE 1 — GENERAL INFORMATION

a. General

SciSparc Nutraceuticals Inc (the "Company") was incorporated in Delaware on August 29, 2022. On September 12, 2022, the Company closed the acquisition of Wellution™ (The "Brand"), a seller Amazon.com Marketplace account, American food supplements and cosmetics brand and trademark.

The Company incurred operating losses since its incorporation and expects to continue to incur operating losses for the foreseeable future. As of December 31, 2024, the Company had an accumulated deficit of approximately $4,025 as a result of recurring operating losses.

As of December 31, 2024, the Company's cash and cash equivalents totaled $117. In the period ended December 31, 2024, the Company had an operating loss of $2,442 and negative cash flows from operating activities of $24. The Company's current cash and cash equivalents position is not sufficient to fund the Company's planned operations for at least a year beyond the date of the filing date of the financial statements. The ability to continue as a going concern is dependent upon the Company obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due. While the Company has successfully raised funds in the past, there is no guarantee that it will be able to do so in the future. The inability to borrow or raise sufficient funds on commercially reasonable terms, would have serious consequences on our financial condition and results of operations. These above-mentioned factors raise substantial doubt about the Company's ability to continue as a going concern.

The accompanying financial statements were prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and liabilities and commitments in the normal course of business. Such financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to the Company's ability to continue as a going concern.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with IFRS, as issued by the IASB.

The Company's financial statements have been prepared on a cost basis, unless otherwise indicated.

The Company has elected to present the profit or loss items using the function of expense method.

The financial statements are presented in USD and all values are rounded to the nearest thousand ('000), except when otherwise indicated.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. The operating cycle:

The operating cycle of the Company is one year.

c. Functional currency and foreign currency:

The functional currency of the Company, which is the currency that best reflects the economic environment in which the Company operates and conducts its transactions is the U.S. Dollar ("USD" or "$"), since it's the primary currency of the economic environment in which the Company operates. The financial statements are also presented in USD since the Company believes that preparing the financial statements in USD provides more relevant information to the users of the financial statements.

d. Intangible assets:

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets, excluding capitalized development costs, are recognized in profit or loss when incurred.

Intangible assets with a finite useful life are amortized over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The Company amortizes the intangible asset over a period of 10 years.

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.

a) 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 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e. Financial instruments: (cont)

On the date of initial recognition, the Company may irrevocably designate a debt instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency, such as when a related financial liability is also measured at fair value through profit or loss.

b) Debt instruments are measured at fair value through profit or loss when:

A financial asset which is a debt instrument does not meet the criteria for measurement at amortized cost or at fair value through other comprehensive income. After initial recognition, the financial asset is measured at fair value and gains or losses from fair value adjustments are recognized in profit or loss.

2. Derecognition of financial assets:

A financial asset is derecognized only when:

- The contractual rights to the cash flows from the financial asset have expired;

- 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:

a) Financial liabilities measured at amortized cost:

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 using the effective interest rate method, except for financial liabilities at fair value through profit or loss such as derivatives.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

4. Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

f. Taxes on income:

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

1. Current taxes:

A current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

2. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized, or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carryforward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Taxes on income that relate to distributions of an equity instrument and to transaction costs of an equity transaction are accounted for pursuant to IAS 12, "*Income Taxes*".

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

g. Provisions:

A provision in accordance with IAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*", is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

Following are the types of provisions included in the financial statements:

Legal claims:

A provision for claims is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Company to settle the obligation and a reliable estimate can be made of the amount of the obligation

h. Inventories

Inventories are stated at the lower of cost and or market based on net realizable value. Inventories are adjusted for estimated excess and obsolescence and written down to net realizable value based upon estimates of future demand, technology developments, and market conditions. Cost is determined in accordance with first-in, first-out Method ("FIFO") and the cost of inventory includes shipment and freight costs.

i. Revenue recognition

The Company sells products directly to customers mainly through its online Amazon stores.

Under the Company's standard contract terms, customers have a right of return within 30 until 90 days. For contracts with rights of return, the Company recognizes revenue based on the amount of the consideration which the Company expects to receive for products which it is highly probable that a significant revenue reversal will not subsequently occur. The Company recognizes a refund liability for consideration received or receivable if it expects to refund some or all of the consideration to the customer. At the end of each reporting period, the Company updates its estimates of expected product returns and adjusts the refund liabilities with a corresponding adjustment in revenues. As of December 31, 2022, the allowance for returns was immaterial. The refund liability is recorded as a decrease in revenues against other payables. A right of return asset and corresponding adjustment to cost of sales is also recognized for the right to recover the goods from the customer.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

In certain contracts, the Company evaluates the nature of its promise to the customer and determines whether it is a principal or agent for each contract. In determining the nature of its promise to the customer, the Company evaluates whether it is appropriate to recognize revenues on a gross or net basis based upon its evaluation of whether the Company obtains control of the specified goods by considering if it is primarily responsible for fulfillment of the promise, has inventory risk, and has the latitude in establishing pricing and selecting suppliers, among other factors. Based on its evaluation of these factors, management has determined that it is the principal in these arrangements; therefore, sales are recorded on a gross basis.

j. Cost of sales

In accordance with Amazon's terms of use, the Company is obligated to pay to Amazon incremental costs, such as sales fulfillment commissions which are contingent on making binding sales. Sales commissions would not have been incurred if the contract had not been obtained.

Cost of sales primarily consists of expenses related to Amazon's commissions, storage costs and freight.

k. Amendment to IAS 1, "Disclosure of Accounting Policies":

In February 2021, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("the Amendment"), which replaces the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. One of the main reasons for the Amendment is the absence of a definition of the term 'significant' in IFRS whereas the term 'material' is defined in several standards and particularly in IAS 1.

The Amendment is applicable for annual periods beginning on January 1, 2023.

The application of the above Amendment had an effect on the disclosures of the Company's accounting policies, but did not affect the measurement, recognition or presentation of any items in the Company's financial statements.

l. Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors":

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" ("the Amendment"), in which it introduces a new definition of "accounting estimates".

Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is to be applied prospectively for annual reporting periods beginning on or after January 1, 2023, and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted.

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

In the process of applying the significant accounting policies, the Company has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

a. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Legal claims:

In estimating the likelihood of outcome of legal claims filed or threatened to commence against the Company and/or its Subsidiaries and/or affiliates, the Company relies on its management's best knowledge and estimations and where applicable, on the opinion of their legal counsels. These estimates are based, among others, on management's familiarity of and proximity to the circumstances, and also on the legal counsels' best professional judgment, taking into account the stage of proceedings and legal precedents in respect of the different issues. Since the outcome of the claims might be determined in courts and/or other quasi-judicial tribunals, the results could differ from these estimates.

- Fair value of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available.

NOTE 4:- INVENTORY

	December 31,	
	2024	2023
Goods in transit	$ 9	$ 73
Finished goods	104	669
	$ 113	$ 742

NOTE 5 — INTANGIBLE ASSETS, NET

On September 12, 2022, the Company closed the acquisition of Wellution™, a seller Amazon.com Marketplace account (the "Brand"), American food supplements and cosmetics brand and trademark (the "Acquisition"). In connection with the Acquisition, the Company incorporated a new wholly owned Delaware subsidiary, SciSparc Nutraceuticals Inc., to hold the new assets. The definitive agreement for the acquisition of the Brand was entered into with Merhavit M.R.M Holding and Management Ltd ("M.R.M").

At the closing, the Company paid a base cash payment of $4,540 and in 12 months following the closing agreed to pay an additional deferred cash payment equal to a multiple of 3 times the amount by which the Brand's EBITDA exceeds $1,120 during the 12-month period following the closing of the Acquisition. The EBITDA didn't exceed the $1,120 during the 12-month period following the closing of the Acquisition, therefore additional payment was not required to be made.

The Company reviewed the transaction and deemed it to be the purchase of assets for accounting purposes under IFRS3, and not as a business combination. The Company reviewed the guidance under IFRS3 for the transaction and determined that the fair value of the gross assets acquired was concentrated in a single identifiable asset, a brand. Accordingly, the Company treated the transaction as an asset acquisition. On the closing date of the acquisition, the Company fully recognized the acquisition amount total of $4,861 as an intangible asset, to be amortized over a period of 10 years.

The table below summarizes the fair value of the intangible asset:

Balance at January 1, 2022	$ -
Purchase date September 12, 2022	4,861
Depreciation of intangible asset	(144)
Balance at December 31, 2022	$ 4,717
Loss on impairment of intangible asset	(1,042)
Depreciation of intangible asset	(486)
Balance at December 31, 2023	$ 3,189
Loss on impairment of intangible asset	(1,344)
Depreciation of intangible asset	(366)
Balance at December 31, 2024	$ 1,479

NOTE 6 — TAXES ON INCOME:

The Company is taxed according to US federal state and Delaware state laws. The blended corporate tax rate is 28%.

Capital gains are subject to capital gain tax according to the corporate tax rate for the year during which the assets are sold.

	December 31,	
	2024	2023
Loss before taxes on income	$ (2,442)	$ (1,456)
Statutory tax rate	28%	28%
Tax benefit computed at the statutory tax rate	(684)	(408)
Increase (decrease) in taxes on income resulting from the following:		
Tax rate differences from previous periods	-	23
Tax losses and timing differences for which deferred taxes were not recognized	662	407
Taxes on income (benefit)	(22)	22

NOTE 7 — SHARE CAPITAL:

a. The share capital composed of ordinary shares as follows:

	Number of ordinary shares December 31
	2024
Issued (*)	116
Authorized	116

NOTE 8:- COST OF REVENUES

The following table discloses the breakdown of our revenues, cost of sales and gross profit for the periods set forth below:

	December 31,	
	2024	2023
Cost of goods sold		
Purchased goods	$ 798	$ 672
Storage	-	-
Freight	2	11
	$ 800	$ 683

NOTE 9 — SALES AND MARKETING:

	December 31,	
	2024	2023
Advertising	$ 366	$ 571
Amazon fees	495	1,042
Management fees	120	235
Depreciation expenses	366	486
Storage and shipment	167	145
Other	-	5
	$ 1,514	$ 2,484

NOTE 10 — GENERAL AND ADMINISTRATIVE EXPENSES:

	December 31,	
	2024	2023
Professional services	$ 72	$ 98
Other	18	28
	$ 90	$ 126

NOTE 11 — RELATED PARTIES

a. Transactions with interested and related parties:

	December 31,	
	2024	2023
Management Fees	$ 120	$ 239

b. Balances with interested and related parties:

	December 31,	
	2024	2023
Assets:		
Related Parties receivables	$ -	$ 8
Liabilities:		
Related party payables	$ 189	$ 87

c. Additional information:

On February 2023 the Company and Jeffs' Brands. entered into a consulting agreement, pursuant to which Jeffs' Brands will provide management services to the company for a monthly fee of $20 and Jeffs' Brands will receive a one-time signing bonus in the amount of $51. The consulting agreement is for an undefined period of time and may be terminated by either party with 30 days advance notice. On November 2023 the monthly fee reduced to $10 thousand.
In addition, Jeffs' Brands provides a variety of professional and business support services in accordance with transfer price work received in the company. The aforementioned services are provided in collaboration with the related party company SciSparc Ltd.

SCISPARC NUTRACEUTICALS INC

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023

U.S. DOLLARS IN THOUSANDS

INDEX

Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

Shape the future with confidence

REPORT OF INDEPENDENT AUDITORS

To the shareholders of

SciSparc Nutraceuticals Inc

Opinion

We have audited the accompanying financial statements of SciSparc Nutraceuticals Inc (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in shareholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations, changes in shareholders' equity and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Shape the future
with confidence

Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Kost Forer Gabbay and Kasierer

Tel-Aviv, Israel
October 9, 2025

KOST FORER GABBAY & KASIERER
A Member of EY Global

SCISPARC NUTRACEUTICALS INC
BALANCE SHEETS
(in thousands, except share and per share data)

	December 31 2023	December 31 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 146	$ 176
Restricted deposit	5	20
Trade receivables	22	77
Other receivables	1	-
Related Parties receivables	8	-
Inventory *(note 4)*	742	668
Total current assets	924	941
NON CURRENT ASSETS		
Intangible assets, net *(note 5)*	3,189	4,717
Total non-current assets	3,189	4,717
Total assets	$ 4,113	$ 5,658
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Trade payables	47	121
Other payables	21	14
Related party payables	87	789
Total current liabilities	155	924
SHAREHOLDER'S EQUITY		
Ordinary shares	-	-
Additional Paid in capital	5,563	4,861
Accumulated deficit	(1,605)	(127)
Total shareholders' equity	3,958	4,734
Total liabilities and shareholders' equity	$ 4,113	$ 5,658

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

SCISPARC NUTRACEUTICALS INC
STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	Year ended December 31,	
	2023	**2022**
Revenues	$ 2,879	$ 1,347
Cost of sales *(note7)*	(683)	(322)
Gross profit	2,196	1,025
Operating expenses:		
Impairment of intangible asset (*note5)*	(1,042)	-
Sales and marketing (*note 8)*	(1,297)	(537)
General and administrative *(note 9)*	(1,313)	(601)
Operating loss	$ (1,456)	$ (113)
Loss before taxes	$ (1,456)	$ (113)
Tax expense	(22)	(14)
Net loss	$ (1,478)	$ (127)

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

SCISPARC NUTRACEUTICALS INC
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands, except share and per share data)

	Ordinary Shares		Additional	Accumulated	
	Number	Amount	paid-in-capital	deficit	Total
BALANCE AT SEPTEMBER 12, 2022	*	-	4,861	-	4,861
Loss for the period	-	-	-	(127)	(127)
BALANCE AT DECEMBER 31, 2022	*	-	$ 4,861	$ (127)	$ 4,734
Issuance of share in respect of debt	-	-	702	-	702
Loss for the period	-	-	-	(1,478)	(1,478)
BALANCE AT DECEMBER 31, 2023	*	-	$ 5,563	$ (1,605)	$ 3,958

* Less than 1 $ Thousand

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

SCISPARC NUTRACEUTICALS INC
STATEMENTS OF CASH FLOWS
(in thousands, except share and per share data)

	Year ended December 31,	
	2023	**2022**
Cash flows from operating activities		
Net loss for the period	(1,478)	(127)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization and depreciation	486	144
Loss as a result of impairment	1,042	-
Change in other accounts receivables	(1)	-
Change in related parties receivables	(8)	-
Change in trade receivables	55	(77)
Change in inventory	(74)	(668)
Change in accounts payable	(74)	121
Changes in related parties payables	-	789
Change in other accounts payable	7	14
	(45)	196
Cash flows from investing activities		
Restricted deposits	15	(20)
Purchase of intangible asset	-	(4,861)
	15	(4,881)
Cash flows from financing activities		
Issuance of shares, net	-	4,861
	-	4,861
Increase (decrease) in cash and cash equivalents	(30)	176
Cash and cash equivalents at beginning of period	176	-
Cash and cash equivalents at end of period	146	176
APPENDIX A: NON-CASH ACTIVITIES		
Issuance of shares for debt	702	-

SCISPARC NUTRACEUTICALS INC
NOTES TO THE FINANCIAL STATEMENTS
(in thousands, except share and per share data)

NOTE 1 — GENERAL INFORMATION

a. General

SciSparc Nutraceuticals Inc (the "Company") was incorporated in Delaware on August 29, 2022. On September 12, 2022, the Company closed the acquisition of Wellution™ (The "Brand"), a seller Amazon.com Marketplace account, American food supplements and cosmetics brand and trademark.

The Company incurred operating losses since its incorporation and expects to continue to incur operating losses for the foreseeable future. As of December 31, 2023, the Company had an accumulated deficit of approximately $1,605 as a result of recurring operating losses.

As of December 31, 2023, the Company's cash and cash equivalents totaled $146. In the period ended December 31, 2023, the Company had an operating loss of $1,456 and negative cash flows from operating activities of $747. The Company's current cash and cash equivalents position is not sufficient to fund the Company's planned operations for at least a year beyond the date of the filing date of the financial statements. The ability to continue as a going concern is dependent upon the Company obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due. While the Company has successfully raised funds in the past, there is no guarantee that it will be able to do so in the future. The inability to borrow or raise sufficient funds on commercially reasonable terms, would have serious consequences on our financial condition and results of operations. These above-mentioned factors raise substantial doubt about the Company's ability to continue as a going concern.

The accompanying financial statements were prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and liabilities and commitments in the normal course of business. Such financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to the Company's ability to continue as a going concern.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with IFRS, as issued by the IASB.

The Company's financial statements have been prepared on a cost basis, unless otherwise indicated.

The Company has elected to present the profit or loss items using the function of expense method.

The financial statements are presented in USD and all values are rounded to the nearest thousand ('000), except when otherwise indicated.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. The operating cycle:

The operating cycle of the Company is one year.

c. Functional currency and foreign currency:

The functional currency of the Company, which is the currency that best reflects the economic environment in which the Company operates and conducts its transactions is the U.S. Dollar ("USD" or "$"), since it's the primary currency of the economic environment in which the Company operates. The financial statements are also presented in USD since the Company believes that preparing the financial statements in USD provides more relevant information to the users of the financial statements.

d. Intangible assets:

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets, excluding capitalized development costs, are recognized in profit or loss when incurred.

Intangible assets with a finite useful life are amortized over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The Company amortizes the intangible asset over a period of 10 years.

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.

a) 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 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e. Financial instruments: (cont)

On the date of initial recognition, the Company may irrevocably designate a debt instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency, such as when a related financial liability is also measured at fair value through profit or loss.

b) Debt instruments are measured at fair value through profit or loss when:

A financial asset which is a debt instrument does not meet the criteria for measurement at amortized cost or at fair value through other comprehensive income. After initial recognition, the financial asset is measured at fair value and gains or losses from fair value adjustments are recognized in profit or loss.

2. Derecognition of financial assets:

A financial asset is derecognized only when:

- The contractual rights to the cash flows from the financial asset have expired;

- 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:

a) Financial liabilities measured at amortized cost:

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 using the effective interest rate method, except for financial liabilities at fair value through profit or loss such as derivatives.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

4. Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

f. Taxes on income:

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

1. Current taxes:

A current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

2. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized, or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carryforward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Taxes on income that relate to distributions of an equity instrument and to transaction costs of an equity transaction are accounted for pursuant to IAS 12, "*Income Taxes*".

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

g. Provisions:

A provision in accordance with IAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*", is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

Following are the types of provisions included in the financial statements:

Legal claims:

A provision for claims is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Company to settle the obligation and a reliable estimate can be made of the amount of the obligation

h. Inventories

Inventories are stated at the lower of cost and or market based on net realizable value. Inventories are adjusted for estimated excess and obsolescence and written down to net realizable value based upon estimates of future demand, technology developments, and market conditions. Cost is determined in accordance with first-in, first-out Method ("FIFO") and the cost of inventory includes shipment and freight costs.

i. Revenue recognition

The Company sells products directly to customers mainly through its online Amazon stores.

Under the Company's standard contract terms, customers have a right of return within 30 until 90 days. For contracts with rights of return, the Company recognizes revenue based on the amount of the consideration which the Company expects to receive for products which it is highly probable that a significant revenue reversal will not subsequently occur. The Company recognizes a refund liability for consideration received or receivable if it expects to refund some or all of the consideration to the customer. At the end of each reporting period, the Company updates its estimates of expected product returns and adjusts the refund liabilities with a corresponding adjustment in revenues. As of December 31, 2022, the allowance for returns was immaterial. The refund liability is recorded as a decrease in revenues against other payables. A right of return asset and corresponding adjustment to cost of sales is also recognized for the right to recover the goods from the customer.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (CONT.)

In certain contracts, the Company evaluates the nature of its promise to the customer and determines whether it is a principal or agent for each contract. In determining the nature of its promise to the customer, the Company evaluates whether it is appropriate to recognize revenues on a gross or net basis based upon its evaluation of whether the Company obtains control of the specified goods by considering if it is primarily responsible for fulfillment of the promise, has inventory risk, and has the latitude in establishing pricing and selecting suppliers, among other factors. Based on its evaluation of these factors, management has determined that it is the principal in these arrangements; therefore, sales are recorded on a gross basis.

j. Cost of sales

In accordance with Amazon's terms of use, the Company is obligated to pay to Amazon incremental costs, such as sales fulfillment commissions which are contingent on making binding sales. Sales commissions would not have been incurred if the contract had not been obtained.

Cost of sales primarily consists of expenses related to Amazon's commissions, storage costs and freight.

k. Amendment to IAS 1, "Disclosure of Accounting Policies":

In February 2021, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("the Amendment"), which replaces the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. One of the main reasons for the Amendment is the absence of a definition of the term 'significant' in IFRS whereas the term 'material' is defined in several standards and particularly in IAS 1.

The Amendment is applicable for annual periods beginning on January 1, 2023.

The application of the above Amendment had an effect on the disclosures of the Company's accounting policies, but did not affect the measurement, recognition or presentation of any items in the Company's financial statements.

l. Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors":

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" ("the Amendment"), in which it introduces a new definition of "accounting estimates".

Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is to be applied prospectively for annual reporting periods beginning on or after January 1, 2023, and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted.

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

In the process of applying the significant accounting policies, the Company has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

a. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Legal claims:

In estimating the likelihood of outcome of legal claims filed or threatened to commence against the Company and/or its Subsidiaries and/or affiliates, the Company relies on its management's best knowledge and estimations and where applicable, on the opinion of their legal counsels. These estimates are based, among others, on management's familiarity of and proximity to the circumstances, and also on the legal counsels' best professional judgment, taking into account the stage of proceedings and legal precedents in respect of the different issues. Since the outcome of the claims might be determined in courts and/or other quasi-judicial tribunals, the results could differ from these estimates.

- Fair value of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available.

NOTE 4:- INVENTORY

	December 31,	
	2023	2022
Goods in transit	$ 73	$ 198
Finished goods	669	470
	$ 742	$ 668

NOTE 5 — INTANGIBLE ASSETS, NET

On September 12, 2022, the Company closed the acquisition of Wellution™, a seller Amazon.com Marketplace account (the "Brand"), American food supplements and cosmetics brand and trademark (the "Acquisition"). In connection with the Acquisition, the Company incorporated a new wholly owned Delaware subsidiary, SciSparc Nutraceuticals Inc., to hold the new assets. The definitive agreement for the acquisition of the Brand was entered into with Merhavit M.R.M Holding and Management Ltd ("M.R.M").

At the closing, the Company paid a base cash payment of $4,540 and in 12 months following the closing agreed to pay an additional deferred cash payment equal to a multiple of 3 times the amount by which the Brand's EBITDA exceeds $1,120 during the 12-month period following the closing of the Acquisition. The EBITDA didn't exceed the $1,120 during the 12-month period following the closing of the Acquisition, therefore additional payment was not required to be made.

The Company reviewed the transaction and deemed it to be the purchase of assets for accounting purposes under IFRS3, and not as a business combination. The Company reviewed the guidance under IFRS3 for the transaction and determined that the fair value of the gross assets acquired was concentrated in a single identifiable asset, a brand. Accordingly, the Company treated the transaction as an asset acquisition. On the closing date of the acquisition, the Company fully recognized the acquisition amount total of $4,861 as an intangible asset, to be amortized over a period of 10 years.

The table below summarizes the fair value of the intangible asset:

Balance at January 1, 2022	$ -
Purchase date September 12, 2022	4,861
Depreciation of intangible asset	(144)
Balance at December 31, 2022	$ 4,717
Loss on impairment of intangible asset	(1,042)
Depreciation of intangible asset	(486)
Balance at December 31, 2023	$ 3,189

NOTE 6 — TAXES ON INCOME:

The Company is taxed according to US federal state and Delaware state laws. The blended corporate tax rate is 28%.

Capital gains are subject to capital gain tax according to the corporate tax rate for the year during which the assets are sold.

	December 31,	
	2023	2022
Loss before taxes on income	$ (1,456)	$ (113)
Statutory tax rate	28%	28%
Tax benefit computed at the statutory tax rate	(408)	(32)
Increase (decrease) in taxes on income resulting from the following:		
Tax rate differences from previous periods	23	-
Tax losses and timing differences for which deferred taxes were not recognized	407	46
Taxes on income	22	14

NOTE 7 — SHARE CAPITAL:

a. The share capital composed of ordinary shares as follows:

	Number of ordinary shares December 31
	2023
Issued (*)	116
Authorized	116

NOTE 8:- COST OF REVENUES

The following table discloses the breakdown of our revenues, cost of sales and gross profit for the periods set forth below:

	December 31,	
	2023	2022
Cost of goods sold		
Purchased goods	$ 672	$ 301
Storage	-	-
Freight	11	21
	683	322

NOTE 9 — SALES AND MARKETING:

	December 31,	
	2023	2022
Advertising	$ 571	$ 356
Management fees	235	30
Depreciation expenses	486	144
Other	5	7
	1,297	537

NOTE 10 — GENERAL AND ADMINISTRATIVE EXPENSES:

	December 31,	
	2023	2022
Amazon Fees	$ 1,042	$ 424
Storage	145	90
Professional services	98	5
Other	28	82
	1,313	601

NOTE 11 — RELATED PARTIES

a. Transactions with interested and related parties:

	December 31,	
	2023	2022
Management Fees	$ 239	$ -

b. Balances with interested and related parties:

	December 31,	
	2023	2022
Assets:		
Related Parties receivables	$ 8	$ -
Liabilities:		
Related party payables	$ 87	$ 789

c. Additional information:

On February 2023 the Company and Jeffs' Brands. entered into a consulting agreement, pursuant to which Jeffs' Brands will provide management services to the company for a monthly fee of $20 and Jeffs' Brands will receive a one-time signing bonus in the amount of $51. The consulting agreement is for an undefined period of time and may be terminated by either party with 30 days advance notice. On November 2023 the monthly fee reduced to $10 thousand.
In addition, Jeffs' Brands provides a variety of professional and business support services in accordance with transfer price work received in the company. The aforementioned services are provided in collaboration with the related party company SciSparc Ltd.

SCHEDULE K

SNI MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2024, AND DECEMBER 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULT OF OPERATIONS

You should read the following discussion along with our financial statements and the related notes. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under "Risk Factors." Our actual results, performance and achievements may differ materially from those expressed in, or implied by, these forward-looking statements.

Overview

SciSparc Nutraceuticals Inc (the "Company") was incorporated in Delaware on August 29, 2022.
On September 12, 2022, the Company closed the acquisition of WellutionTM (The "Brand"), a seller Amazon.com Marketplace account, American food supplements and cosmetics brand and trademark.

Results of Operations for the year ended December 31, 2024 and December 31, 2023

Revenues

During the year ended December 31, 2024, we generated revenues in the amount of $1,306 thousand, compared to $2,879 thousand for the year ended December 31, 2023. Revenues are primarily attributable to the Wellution™ brand. The decrease is primarily due to operational difficulties which caused the Welllution™ brand to be temporarily put offline from the Amazon Marketplace.

Sales and marketing expenses

Our sales and marketing expenses consist primarily of Amazon fees, advertising costs, depreciation costs, storage and shipping costs, and management fees.

The following table discloses the breakdown of sales and marketing expenses for the periods presented:

	December 31,	
	2024	**2023**
USD in thousands		
Advertising	$ 366	$ 576
Amazon fees	495	1,042
Depreciation	366	486
Storage and shipping	167	145
Management fees	120	235
Total	**$ 1,514**	**$ 2,484**

Sales and marketing expenses for the year ended December 31, 2024, amounted to $1,514 thousand, compared to $2,484 thousand for the year ended December 31, 2023. The decrease resulted mainly from a decrease in Amazon fees, which were a result of the decrease in revenues in 2024 compared to 2023. Other reasons for the decrease in sales and marketing expenses include the decrease in management fees, advertising and depreciation costs.

Impairment of intangible asset

Our impairment of intangible asset totaled $1,344 thousand for the year ended December 31, 2024, representing an increase of $302 thousand compared to $1,042 for the year ended December 31, 2023. The impairment in the year ended December 31, 2024 resulted from continued losses in the Wellution™ brand, similar to the loss on impairment recognized in the year ended December 31, 2023.

General and administrative expenses

General and administrative expenses for the year ended December 31, 2024, amounted to $90 thousand, compared to $126 thousand for the year ended December 31, 2023.

Liquidity and Capital Resources

As of December 31, 2024 and December 31, 2023, the Company's cash balance was $117 thousand, and $146 thousand, respectively.

As of December 31, 2024 and December 31, 2023, the Company's total assets were $1,764 thousand and $4,113 thousand, respectively.

As of December 31, 2024, the Company had total liabilities of $226 thousand that consisted of $15 thousand in trade payables, $22 thousand in other payables, and $189 thousand in related parties. As of December 31, 2023, , the Company had total liabilities of $155 thousand.

As of December 31, 2024, the Company had a working capital of $59 thousand. As of December 31, 2023, the Company had a working capital of $769 thousand.

Working Capital and Cash Flows (in thousands of U.S. Dollars)

Working Capital

	December 31,	
	2024	**2023**
USD in thousands		
Current Assets	$ 285	$ 924
Current Liabilities	226	155
Working Capital	59	769

Cash Flows

	December 31,	
	2024	**2023**
USD in thousands		
Cash flows used in operating activities	$ (24)	$ (45)
Cash flows used in investing activities	(5)	15
Cash flows from financing activities	-	-
Net decrease in cash during the year	(29)	(30)

Cash Flows from Operating Activities

During the year ended December 31, 2024, we had negative cash flow from operations in the amount of $24 thousand, compared to a negative cash flow of $45 thousand for the year ended December 31, 2023.

Cash Flows from Investing Activities

During the year ended December 31, 2024, we had negative cashflow of $5 thousand from investing activities, compared to a cashflow of $15 thousand for the year ended December 31, 2023.

Cash Flows from Financing Activities

During the year ended December 31, 2024, we had nil cash flow from financing activities, same as for the year ended December 31, 2023.

Critical Accounting Policies

Going Concern

We have not attained profitable operations and are dependent upon the continued financial support from our shareholders, the ability to raise equity or debt financing, and the attainment of profitable operations from our future business. These factors raise substantial doubt regarding our ability to continue as a going concern**.**

Our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due.

The Company, as of December 31, 2024, had $117 thousand in cash.

For the years ended December 31, 2024 and 2023, our operating losses amounted to $2,442 thousand and $1,456 thousand, respectively.

The Company continues to rely on borrowings and financings. These conditions raise substantial doubt about our ability to continue as a going concern. The Company is currently devoting its efforts to raise further funds. The Company's ability to continue as a going concern is dependent upon our ability to develop additional sources of capital, locate and complete a merger with another company, and ultimately, achieve profitable operations. There is no assurance that we will in fact have access to additional capital or financing as a public company.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

Default on Notes

There are currently no notes in default.

SCHEDULE L
SNI INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2025

SCISPARC NUTRACEUTICALS INC

INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2025

U.S. DOLLARS IN THOUSANDS

UNAUDITED

INDEX

INTERIM BALANCE SHEETS
(in thousands, except share and per share data)

	June 30 2025	December 31 2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 59	$ 117
Restricted deposit	10	10
Trade receivables	14	10
Other receivables	22	35
Inventory *(note 3)*	154	113
Total current assets	259	285
NON CURRENT ASSETS		
Intangible assets, net *(note 4)*	1,383	1,479
Total non-current assets	1,383	1,479
Total assets	$ 1,642	$ 1,764
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Trade payables	5	15
Other payables	-	22
Related party payables *(note 8b)*	87	189
Total current liabilities	92	226
NON-CURRENT LIABILITIES		
Related party payables *(note 8b)*	182	-
Total non-current liabilities	182	-
SHAREHOLDER'S EQUITY		
Ordinary shares	-	-
Additional Paid in capital	5,563	5,563
Accumulated deficit	(4,195)	(4,025)
Total shareholders' equity	1,368	1,538
Total liabilities and shareholders' equity	$ 1,642	$ 1,764

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

SCISPARC NUTRACEUTICALS INC
INTERIM STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	$ 231	$ 421	461	$ 840
Cost of sales	(59)	(210)	(101)	(366)
Gross profit	172	211	360	474
Operating expenses:				
Sales and marketing (*note 6)*	(232)	(471)	(491)	(926)
General and administrative *(note 7)*	(19)	(12)	(39)	(35)
Operating loss	(79)	(272)	$ (170)	$ (487)
Loss before taxes	(79)	(272)	$ (170)	$ (487)
Tax income (expense)	-	(15)	-	5
Net Loss	**$** (79)	$ (287)	$ (170)	$ (482)

SCISPARC NUTRACEUTICALS INC
INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands, except share and per share data)

	Ordinary Shares		Additional	Accumulated	
	Number	Amount	paid-in-capital	deficit	Total
BALANCE AT DECEMBER 31, 2023	*	$ -	$ 5,563	$ (1,605)	$ 3,958
Loss for the period	-	-	-	(482)	(482)
BALANCE AT JUNE 30, 2024	*	$ -	$ 5,563	$ (2,087)	$ 3,476

	Ordinary Shares		Additional	Accumulated	
	Number	Amount	paid-in-capital	deficit	Total
BALANCE AT DECEMBER 31, 2024	*	$ -	$ 5,563	$ (4,025)	$ 1,538
Loss for the period	-	-	-	(170)	(170)
BALANCE AT JUNE 30, 2025	*	$ -	$ 5,563	(4,195)	1,368

* Less than 1 $ Thousand

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

SCISPARC NUTRACEUTICALS INC
INTERIM STATEMENTS OF CASH FLOWES
(in thousands, except share and per share data)

	Six months ended June 30, 2025	Six months ended June 30, 2024
Cash flows from operating activities		
Net loss for the period	$ (170)	$ (482)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization and depreciation	96	183
Change in other accounts receivables	13	(21)
Change in trade receivables	(4)	3
Change in inventory	(41)	327
Change in accounts payable	(10)	37
Changes in related parties payables	80	8
Change in other accounts payable	(22)	(20)
	(58)	35
Increase (decrease) in cash and cash equivalents	(58)	35
Cash and cash equivalents at beginning of period	117	146
Cash and cash equivalents at end of period	$ 59	$ 181

SCISPARC NUTRACEUTICALS INC
NOTES TO THE INTERIM FINANCIAL STATEMENTS
(in thousands, except share and per share data)

NOTE 1 — GENERAL INFORMATION

a. General

SciSparc Nutraceuticals Inc (the "Company") was incorporated in Delaware on August 29, 2022. On September 12, 2022, the Company closed the acquisition of Wellution™ (The "Brand"), a seller Amazon.com Marketplace account, American food supplements and cosmetics brand and trademark.

The Company incurred operating losses since its incorporation and expects to continue to incur operating losses for the foreseeable future. As of June 30, 2025, the Company had an accumulated deficit of approximately $4,195 as a result of recurring operating losses.

As of June 30, 2025, the Company's cash and cash equivalents totaled $59. In the six-month period ended June 30, 2025, the Company had an operating loss of $170 and negative cash flows from operating activities in the amount of $58. The Company's current cash and cash equivalents position is not sufficient to fund the Company's planned operations for at least a year beyond the date of the filing date of the financial statements. The ability to continue as a going concern is dependent upon the Company obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due. While the Company has successfully raised funds in the past, there is no guarantee that it will be able to do so in the future. The inability to borrow or raise sufficient funds on commercially reasonable terms would have serious consequences on our financial condition and results of operations. These above-mentioned factors raise substantial doubt about the Company's ability to continue as a going concern.

The accompanying interim financial statements were prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and liabilities and commitments in the normal course of business. Such financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to the Company's ability to continue as a going concern.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information

The Company's unaudited interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The significant accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the 2024 Annual Financial Statements. Accordingly, these interim financial statements should be read in conjunction with the 2024 Annual Financial Statements. The results for any interim period are not necessarily indicative of results for any future period.

The interim financial statements have been prepared on the same basis as the audited financial statements. In the opinion of the Company's management, the accompanying interim financial statements contain all adjustments that are necessary to present fairly the Company's financial position and results of operations for the interim periods presented. The results for the six-month period ended June 30, 2025, are not necessarily indicative of the results for the year ending December 31, 2025, or for any future period.

As of June 30, 2025, there have been no material changes in the Company's significant accounting policies from those that were disclosed in the 2024 Annual Financial Statements.

NOTE 3:- INVENTORY

	June 30, 2025	December 31, 2024
Goods in transit	$ -	$ 9
Finished goods	154	104
	$ 154	$ 113

NOTE 4: — INTANGIBLE ASSETS, NET

On September 12, 2022, the Company closed the acquisition of Wellution™, a seller Amazon.com Marketplace account (the "Brand"), American food supplements and cosmetics brand and trademark (the "Acquisition"). In connection with the Acquisition, the Company incorporated a new wholly owned Delaware subsidiary, SciSparc Nutraceuticals Inc., to hold the new assets. The definitive agreement for the acquisition of the Brand was entered into with Merhavit M.R.M Holding and Management Ltd ("M.R.M").

The Company reviewed the transaction and deemed it to be the purchase of assets for accounting purposes under IFRS3, and not as a business combination. The Company reviewed the guidance under IFRS3 for the transaction and determined that the fair value of the gross assets acquired was concentrated in a single identifiable asset, a brand. Accordingly, the Company treated the transaction as an asset acquisition. On the closing date of the acquisition, the Company fully recognized the acquisition amount total of $4,861 as an intangible asset, to be amortized over a period of 10 years.

The table below summarizes the fair value of the intangible asset:

Balance at December 31, 2023	$ 3,189
Loss on impairment of intangible asset	(1,344)
Depreciation of intangible asset	(366)
Balance at December 31, 2024	$ 1,479
Depreciation of intangible asset	(96)
Balance at June 30, 2025	$ 1,383

NOTE 5: — SHARE CAPITAL:

a. The share capital composed of ordinary shares as follows:

	Number of ordinary shares June 30, 2025
Issued (*)	116
Authorized	116

NOTE 6: — SALES AND MARKETING:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	Unaudited	Unaudited	Unaudited	Unaudited
Advertising	$ 27	$ 195	$ 91	$ 329
Amazon fees	93	97	183	253
Management fees	30	30	60	60
Depreciation expenses	49	92	96	183
Storage and shipment	33	57	61	101
	$ 232	$ 471	$ 491	$ 926

NOTE 7: — GENERAL AND ADMINISTRATIVE EXPENSES:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	Unaudited	Unaudited	Unaudited	Unaudited
Professional services	$ 15	$ 7	$ 35	$ 27
Other	4	5	4	8
	$ 19	$ 12	$ 39	$ 35

NOTE 8: — RELATED PARTIES

a. Transactions with interested and related parties:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	Unaudited	Unaudited	Unaudited	Unaudited
Management fees	$ 30	$ 30	$ 60	$ 60

b. Balances with interested and related parties:

	June 30, 2025	December 31, 2024
Liabilities:		
Related party payables	$ 269	$ 189

c. Additional information:

In February 2023 the Company and Jeffs' Brands. entered into a consulting agreement, pursuant to which Jeffs' Brands will provide management services to the company for a monthly fee of $20 and Jeffs' Brands will receive a one-time signing bonus in the amount of $51. The consulting agreement is for an undefined period of time and may be terminated by either party with 30 days advance notice. In November 2023 the monthly fee was reduced to $10.

In addition, Jeffs' Brands provides a variety of professional and business support services in accordance with transfer price work received in the company. The aforementioned services are provided in collaboration with the related party company SciSparc Ltd.

SCHEDULE M
SNI MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF JUNE 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULT OF OPERATIONS

You should read the following discussion along with our financial statements and the related notes. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under "Risk Factors." Our actual results, performance and achievements may differ materially from those expressed in, or implied by, these forward-looking statements.

Overview

SciSparc Nutraceuticals Inc (the "Company") was incorporated in Delaware on August 29, 2022.
On September 12, 2022, the Company closed the acquisition of WellutionTM (The "Brand"), a seller Amazon.com Marketplace account, American food supplements and cosmetics brand and trademark.

Results of Operations for the six months ended June 30, 2025 and June 30, 2024

Revenues

During the six months ended June 30, 2025, we generated revenues in the amount of $461 thousand, compared to $840 thousand for the six months ended June 30, 2024. Revenues are primarily attributable to the Wellution™ brand.

Sales and marketing expenses

Sales and marketing expenses for the six months ended June 30, 2025, amounted to $491 thousand, compared to $926 thousand for the six months ended June 30, 2024.

General and administrative expenses

General and administrative expenses for the six months ended June 30, 2025, amounted to $39 thousand, compared to $35 thousand for the six months ended June 30, 2024.

Results of Operations for the three months ended June 30, 2025 and June 30, 2024

Revenues

During the three months ended June 30, 2025, we generated revenues in the amount of $231 thousand, compared to $421 thousand for the three months ended June 30, 2024. Revenues are primarily attributable to the Wellution™ brand.

Sales and marketing expenses

Sales and marketing expenses for the three months ended June 30, 2025, amounted to $232 thousand, compared to $471 thousand for the three months ended June 30, 2024.

General and administrative expenses

General and administrative expenses for the three months ended June 30, 2025, amounted to $19 thousand, compared to $12 thousand for the three months ended June 30, 2024.

Liquidity and Capital Resources

As of June 30, 2025, and December 31, 2024, the Company's cash balance was $59 thousand, and $117 thousand, respectively.

As of June 30, 2025, and December 31, 2024, the Company's total assets were $1,642 thousand, and $1,764 thousand, respectively.

As of June 30, 2025, the Company had total liabilities of $274 thousand that consisted of $5 thousand in trade payables and other payables, and $269 thousand in related parties. As of December 31, 2024, the Company had total liabilities of $226 thousand.

As of June 30, 2025, the Company had a working capital of $167 thousand. As of December 31, 2024, the Company had a working capital of $59 thousand.

Working Capital and Cash Flows (in thousands of U.S. Dollars)

Working Capital

	June 30, 2025	December 31, 2024
Current Assets	$ 259	$ 285
Current Liabilities	92	226
Working Capital	167	59

Cash Flows

	Six months ended June 30,	
	2025	2024
Cash flows used in operating activities	$ (58)	$ 35
Cash flows used in investing activities	-	-
Cash flows from financing activities	-	-
Net decrease in cash during the year	(58)	35

Cash Flows from Operating Activities

During the six months ended June 30, 2025, we had negative cash flow from operations in the amount of $58 thousand compared to a cash flow of $35 thousand for the six months ended June 30, 2024.

Cash Flows from Investing Activities

During the six months ended June 30, 2025, we had nil cash flow from investing activities, same as for the six months ended June 30, 2024.

Cash Flows from Financing Activities

During the six months ended June 30, 2025, we had nil cash flow from financing activities, same as for the six months ended June 30, 2024.

Critical Accounting Policies

Going Concern

We have not attained profitable operations and are dependent upon the continued financial support from our shareholders, the ability to raise equity or debt financing, and the attainment of profitable operations from our future business. These factors raise substantial doubt regarding our ability to continue as a going concern**.**

Our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due.

The Company, as of June 30, 2025, had $59 thousand in cash.

For the six months ended June 30, 2025, and 2024, our operating losses amounted to $170 thousand and $487 thousand, respectively.

The Company continues to rely on borrowings and financings. These conditions raise substantial doubt about our ability to continue as a going concern. The Company is currently devoting its efforts to raise further funds. The Company's ability to continue as a going concern is dependent upon our ability to develop additional sources of capital, locate and complete a merger with another company, and ultimately, achieve profitable operations. There is no assurance that we will in fact have access to additional capital or financing as a public company.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

Default on Notes

There are currently no notes in default.

SCHEDULE N

PRO FORMA FINANCIAL STATEMENTS FOR THE PERIOD ENDED JULY 31, 2025

MIZA III VENTURES INC.
(TO BE RENAMED NEUROTHERA LABS INC.)
Pro Forma Consolidated Financial Statements
As at and for the period ended July 31, 2025
(Expressed in US Dollars)
(UNAUDITED)

MIZA III VENTURES INC. (TO BE RENAMED NEUROTHERA LABS INC.)
Pro Forma Consolidated Statement of Financial Position
As at July 31, 2025
(Expressed in US Dollars)
(UNAUDITED)

	MIZA III VENTURES INC. As at July 31 2025 (C $)	(US $)	SCISPARC NUTRACEUTICALS INC. As at June 30 2025 (US $)	Note	Pro Forma Adjustments	Pro Forma Consolidated As at July 31 2025 (US $)
ASSETS						
CURRENT						
Cash	1,046,679	756,000	59,000			1,887,300
				3 (f)	722,300	
				3 (e)	350,000	
Prepaid expenses	1,282	1,000	-			1,000
Restricted deposit	-	-	10,000		-	10,000
Trade receivables	-	-	36,000		-	36,000
Inventory	-	-	154,000		-	154,000
Total Current Assets	**1,047,961**	**757,000**	**259,000**		**1,072,300**	**2,088,300**
NON CURRENT ASSETS						
Intangible assets	-	-	1,383,000		-	1,383,000
TOTAL ASSETS	**1,047,961**	**757,000**	**1,642,000**		**1,072,300**	**3,471,300**

LIABILITIES AND SHAREHOLDERS' DEFICIT						
CURRENT						
Account payables and accrued liabilities	156,324	113,000	92,000		-	205,000
Total Current Liabilities	**156,324**	**113,000**	**92,000**		**-**	**205,000**
Related Party Payables			182,000			182,000
Convertible Loan				3 (f)	**722,300**	722,300
Promissory Note				3 (e)	**350,000**	350,000
Total Non-Current Liabilities	-	-	**182,000**		**1,072,300**	**1,254,300**
Total Liabilities	**156,324**	**113,000**	**274,000**		**1,072,300**	**1,459,300**
SHAREHOLDERS' EQUITY						
Share capital	1,480,643	1,069,000	-	3 (h)	(1,069,000)	16,306,500
				3 (a)	11,430,000	
				3 (b)	541,700	
				3 (c)	4,334,800	
Additional Paid in Capital	-		5,563,000			5,563,000
Reserves	41,824	31,000	-	3 (h)	(31,000)	217,000
				3 (d)	217,000	
Deficit	(630,830)	(456,000)	(4,195,000)	3 (h)	456,000	(20,074,500)
				3 (g)	(15,879,500)	
Total Shareholders' Equity	**891,637**	**644,000**	**1,368,000**		**-**	**2,012,000**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,047,961**	**757,000**	**1,642,000**		**1,072,300**	**3,471,300**

MIZA III VENTURES INC. (TO BE RENAMED NEUROTHERA LABS INC.)
Pro Forma Consolidated Statement of Loss and Comprehensive Loss
For the period ended July 31, 2025
(Expressed in US Dollars)
(UNAUDITED)

	MIZA III VENTURES INC.		SCISPARC NUTRACEUTICALS INC.	CARVE-OUT ABBREVIATED	Note	Pro Forma Adjustments	Pro Forma Consolidated
	Six months ended July 31 2025		Six months ended June 30 2025				For the period ended July 31 2025
	(C $)	(US $)	(US $)	(U$ $)			(US $)
REVENUE	-	-	461,000	-		-	461,000
COST OF SALES	-	-	(101,000)	-		-	(101,000)
GROSS PROFIT	**-**	**-**	**360,000**	**-**		**-**	**360,000**
EXPENSES							
Sales and marketing	-	-	491,000	-		-	491,000
General and administrative	32,992	24,000	39,000			-	63,000
Research and preclinical	-	-	-	956,000		-	956,000
Chemistry and formulations	-	-	-			-	0
Transaction Costs					3 (g)	15,879,500	15,879,500
OPERATING EXPENSES	**32,992**	**24,000**	**530,000**	**956,000**		**15,879,500**	**17,389,500**
NET LOSS AND COMPREHENSIVE LOSS	**(32,992)**	**(24,000)**	**(170,000)**	**(956,000)**		**(15,879,500)**	**(17,029,500)**

1. BASIS OF PRESENTATION

The unaudited pro forma consolidated statement of financial position of Miza III Ventures Inc. ("Miza" or the "Company") as at July 31, 2025 has been prepared by management after giving effect to the proposed Transaction (as defined below) between the Company and SciSparc Ltd. ("SciSparc") (Note 2).

The pro forma consolidated financial statements are not intended to reflect the financial position that will exist following the Transaction. Actual amounts recorded when the Transaction closes will likely differ from those recorded in the pro forma financial information. Any potential synergies that may be realized and integration costs that may be incurred upon consummation of the Transaction have been excluded from the pro forma financial information.

The pro forma consolidated financial statements are presented in US dollars and has been compiled from and includes an unaudited pro forma consolidated statement of financial position as at July 31, 2025, combining the unaudited statement of financial position of the Company as at July 31, 2025, with the unaudited statement of financial position of the Target Assets and Target Shares (as defined below) as at June 30, 2025, giving effect to the Transaction as if it occurred on the first day of the periods presented, and combines the historical results of the Target for the same period.

These pro forma consolidated financial statements do not contain all of the information required for annual financial statements. Accordingly, it should be read in conjunction with the most recent annual and interim financial statements of both the Company and the Target Assets and Target Shares.

The pro forma adjustments and allocations of the purchase price of the Purchased Assets from SciSparc by the Company are based on the fair value of the common shares and share purchase warrants of the Company. The unaudited pro forma consolidated financial statements are not intended to reflect the financial position of the Company which would have actually resulted had the proposed Transaction been effected on the date indicated. The actual pro forma adjustments will depend on a number of factors and could result in a change to the pro forma financial information.

2. Proposed Transaction

On July 5, 2024, the Company entered into a Letter of Intent ("LOI") with SciSparc Ltd., a corporation incorporated under the laws of the State of Israel and listed on the NASDAQ under the trading symbol "SPRC") ("SciSparc" or "SPRC") in respect of an arm's length asset and share sale transaction involving the Target Assets and Target Shares (as defined below) (the "Proposed Transaction") which will result in the reverse takeover of the Company by SciSparc. The Transaction is expected to constitute the Company's "Qualifying Transaction" as such term is defined in the policies of the TSX Venture Exchange (the "Exchange").

Pursuant to the terms of the LOI, SciSparc and the Company will enter into an asset and share purchase agreement whereby SciSparc will convey and transfer to Miza certain assets (the "Target Assets"), including certain pharmaceutical intellectual property assets and its approximate 51% equity interest in Scisparc Nutraceuticals Inc. (the "Target Shares") in consideration for 63,300,000 common shares in the capital of the Company ("Resulting Issuer Shares") and 48,000,000 contingent value rights of the Company ("Resulting Issuer CVRs"). Each Resulting Issuer CVR entitles SciSparc to one (1) additional Resulting Issuer Shares for no additional consideration upon the achievement of certain milestones prior to certain deadlines.

The completion of the Proposed Transaction is subject to the satisfaction of certain conditions, including but not limited to: (i) receiving all required directors, shareholder, regulatory and court approvals, including the approval of the Exchange and approval of Israel Tax Authority (as required); (ii) the continuing truth and accuracy of all representations and warranties and the fulfillment of all covenants by the other party subject to materiality qualifications agreed to by the parties; (iii) no material adverse change in the financial condition, business, results of operations, assets or liabilities (contingent or otherwise) of the other party shall have occurred; (iv) SciSparc preparing and delivering to Miza all such audited and unaudited financial statements for the Target Assets and Target Shares prepared in accordance with IFRS for the periods as may be required in accordance with applicable securities laws and Exchange requirements; (v) the Resulting Issuer Shares being issued as fully paid and non-assessable common shares, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature, except those imposed pursuant to escrow restrictions of the Exchange; (v) there being no legal proceeding of regulatory actions or proceedings against any person to enjoin, restrict or prohibit the Proposed Transaction or which could reasonably be expected to result in a material adverse effect on the Target Assets, SciSparc or Miza; and (vi) there being no prohibition at law against the completion of the Proposed Transaction.

Convertible Loan Transaction

Upon closing of the Proposed Transaction, subject to the approval of the Exchange, SciSparc, or a third party on its behalf, is expected to provide a unsecured convertible loan to the Resulting

Issuer in the principal amount of up to US$722,300 (C$1,000,000) (the "Convertible Loan"), which shall mature on the two year anniversary of the date of the issuance thereof and shall bear interest at the simple rate of 7% per annum. The Convertible Loan provides SciSparc, or the third party, the option to convert the outstanding principal and interest under the Convertible Loan into Resulting Issuer Shares at a price of US$0.18 (C$0.25) per share, subject to customary anti-dilution adjustments.

In connection with the Convertible Loan, subject to the approval of the Exchange, the Resulting Issuer expects to also issue 4,000,000 Resulting Issuer Share purchase warrants ("Bonus Warrants") to SciSparc, whereby each Bonus Warrant will entitle the holder thereof to acquire one additional Resulting Issuer Share at an exercise price of US$0.18 (C$0.25) for a period of 5 years from the date of issuance.

Finder's Fee

Upon closing of the Proposed Transaction, Miza intends to issue 3,000,000 Resulting Issuer Shares (the "Finders' Fee Shares") to certain finders (the "Finders") as compensation for providing advisory services in connection with the Proposed Transaction. Each of the Finders are expected to be arm's length to both Miza and SciSparc.

Promissory Note

Prior to completion of the transaction, the Company anticipates completing an arm's length promissory note financing for gross proceeds of not less than USD$350,000, whereby such indebtedness will incur 7.0% interest per annum and will mature 13 months from the date of issuance of the USD Note.

3. Pro Forma Assumptions and Adjustments

The proforma consolidated financial statements include the effects of the following pro forma assumptions:

(a) The issuance of 63,300,000 Resulting Issuer Shares at a price of US$0.18 (C$0.25) per share for the Target Assets and Target Shares as detailed above
(b) The issuance of 3,000,000 Resulting Issuer Shares at a price of US$0.18 (C$0.25) per share for the Finder's Fee as detailed above
(c) The issuance of 48,000,000 Resulting Issuer CVRs at a value of US$0.18 (C$0.25) per CVR as detailed above with an estimated 50% probability of the issuance;
(d) The issuance of 4,000,000 Bonus Warrants at a value of US$0.054 (CS$ 0.075) per share for the Bonus Warrants as detailed above using a Black-Scholes valuation with the following parameters: volatility: 68.5%, exercise price: US$0.183, time to maturity: 5 years and risk free rate of 5%.

(e) The completion of the Promissory Note Transaction for net proceeds of US$350,000 as described above.
(f) The completion of the Convertible Loan Transaction for net proceeds of US$722,300 (C$1,000,000) as described above.
(g) Transaction costs of $15,879,500.
(h) Upon closing of the transaction, the share capital, reserves and deficit of Miza will be eliminated.

4. Pro Forma Share Capital

After giving effect to the pro-forma assumptions and adjustments in Note 3, the issued and outstanding share capital of the Company is anticipated to be as follows at the time of Closing:

Upon closing of the Proposed Transaction, the parties expect 84,400,000 Resulting Issuer Shares will be issued and outstanding on a non-diluted basis and approximately 140,900,000 Resulting Issuer Shares issued and outstanding on a fully-diluted basis, with existing shareholders of Miza holding approximately 21.14% of the outstanding Resulting Issuer Shares, SciSparc holding approximately 75% of the outstanding Resulting Issuer Shares and the Finders holding approximately 3.50% of the outstanding Resulting Issuer Shares, in each case, on a non-diluted basis.

Pro Forma Share Capital	Note	Number	Amount (C$)	Amount (US$)
Miza Share Capital as at July 31, 2025		18,100,000	1,481,000	1,069,000
Issuance of Shares for Target Assets and Target Shares	3 (a)	63,300,000	15,825,000	11,430,000
Issuance of Shares for Finders' Fee	3 (b)	3,000,000	750,000	541,700
Issuance of Contingent Value Rights	3 (c)	24,000,000	6,000,000	4,334,800
Elimination of Miza share capital at Closing	3 (f)			(1,069,000)
		108,400,000	24,056,000	16,306,500

5. Pro Forma Statutory Income Tax Rates

The proforma statutory tax rate that will be applicable to the consolidated operations of the Company and SciSparc will be 23%.