ZERO CANDIDA TECHNOLOGIES INC.

(formerly 1319743 B.C. Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2026

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company for the six months ended June 30, 2026 have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditors.

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ZERO CANDIDA TECHNOLOGIES INC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CAD in thousands

	Note	June 30, 2026	December 31, 2025
		As of	
Assets			
Current assets			
Cash in banks		340	187
Bank Deposits		1,796	2,054
Other accounts receivable	4	22	159
Total current assets		**2,158**	**2,400**
Non-current assets			
Right for use of leased assets		48	20
Fixed assets, Net		27	27
Total non-current assets		**75**	**47**
Total assets		**2,233**	**2,447**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable		18	2
Other accounts payable, including related parties	5	1,231	1,033
Current maturities of lease liabilities		15	22
Total current liabilities		**1,264**	**1,057**
Non-current liabilities			
Lease liabilities		48	-
Total non-current liabilities		**48**	**-**
Total liabilities		**1,312**	**1,057**
Shareholders' Equity	6		
Share capital		196	196
Share premium		11,220	11,220
Share-based payments		1,679	1,679
Foreign currency translation adjustments		(174)	(199)
Accumulated deficit		(12,000)	(11,506)
Total equity		**921**	**1,390**
Total equity and liabilities		**2,233**	**2,447**

* Represent amount less than CAD 1

Eli Ben Haroosh Chief Executive Officer and Chairman of the Board	**Asher Holzer** Acting CFO (Chief Financial Officer)	**August 17, 2026** Date of approval of the financial statements

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

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

CAD in thousands (except for loss per Ordinary Share)

		For six months ended on June 30,		For year ended on December 31,
	Note	**2026**	**2025**	**2025**
Research and development expenses		(225)	(363)	(381)
General and administrative expenses		(322)	(304)	(911)
Net operating loss		**(547)**	**(667)**	(1,292)
Finance expense		-	-	-
Finance income		53	80	262
Loss		**(494)**	**(587)**	(1,030)
Other comprehensive loss:				
Amounts that will not be reclassified subsequently to profit or loss:				
Foreign currencies translation adjustments		25	(260)	43
Total other comprehensive income (loss)		25	(260)	43
Total comprehensive loss		**(469)**	**(847)**	(987)
Loss per share attributable to ordinary shareholders of the Company:				
Basic and Diluted loss per Ordinary Share		**	**	**

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

ZERO CANDIDA TECHNOLOGIES INC
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
CAD in thousands

	Share Capital	Share Premium	Share-based Payments	Foreign Currencies translation adjustments	Accumulated Deficit	Total
Balance as of January 1, 2024	-**	2,295	3,155	(356)	(4,193)	901
Issuance of shares	-	5,157	(2,607)	-	-	2,550
Share-based payments	-	-	1,010	-	-	1,010
Reverse acquisition	196	3,768	-	-	-	3,964
Loss for the year	-	-	-	-	(6,283)	(6,283)
Other comprehensive loss	-	-	-	200	-	200
Balance as of December 31, 2024	196	11,220	1,558	(156)	(10,476)	2,342
Share-based payments	-	-	121	-	-	121
Loss for the year	-	-	-	-	(1,030)	(1,030)
Other comprehensive income	-	-	-	(43)	-	(43)
Balance as of December 31, 2025	196	11,220	1,679	(199)	(11,506)	1,390
Loss for the year	-	-	-	-	(494)	(494)
Other comprehensive income	-	-	-	25	-	25
Balance as of June 30, 2026	**196**	**11,220**	**1,679**	**(174)**	**(12,000)**	**921**

** Represent amount less than CAD 1

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

ZERO CANDIDA TECHNOLOGIES INC

CONSOLIDATED STATEMENTS OF CASH FLOWS

CAD in thousands

	For six months ended on June 30,		For the year ended December 31
	2026	**2025**	**2025**
Cash flows from operating activities			
Loss	**(494)**	**(587)**	**(1,030)**
Adjustments required for presenting Cash flows and cash equivalents from operating activities (Appendix A):	417	441	**290**
Net cash used in operating activities	**(77)**	**(146)**	**(740)**
Cash flows from investing activities			
Fixed Assets	(3)	-	(28)
Bank deposits	258	588	757
Net cash used in investing activities	**255**	**588**	**729**
Cash flows from financing activities			
Shares issuance and premium on shares	-	-	-
Repayment of lease liability	-	-	-
		-	-
Net cash provided by financing activities	-	-	-
Net increase in cash in banks	**178**	**442**	**(11)**
Exchange rate differences on balances of cash in banks	**(25)**	**(224)**	**(43)**
Cash in banks at the beginning of year	**187**	**241**	**241**
Cash in banks at the end of year	**340**	**459**	**187**

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

	For the year ended December 31,		
	2 0 2 6	**2025**	**2025**
Significant non-cash transactions:			
Depreciation	(14)	-	(9)
Financing expenses, net	67	-	-
Share-based payments	-	-	121
Changes in operating assets and liabilities:			
Increase in accounts payable	255	361	204
Increase in other accounts receivable	109	80	(26)
	417	**441**	**290**

Note 1 - General

A. General description of the Company and its operations

Zero Candida Ltd. (“Zero Candida”, ”ZC”) was incorporated as a privately held company registered in Israel Company No. 516520657 on January 3th 2022 and since then has developed a AI smart tampon-like device, designed to treat Candidiasis and transfer the AI with WIFI to the doctor, a very common fungal infection. The patent technology is a combination of a therapy light source with a selected wavelength and intensity, and a transparent gel-based drug delivery system as well as maintaining the optimum Ph in the vagina. The device is used for up to one night and in 3 hours demonstrated a 99.9999% Elimination of the fungus in the vagina.

Zero Candida entered into a triple sleeve reverse merger agreement (the "Agreement") with the Stock Exchange Skeleton 1319743 Ltd. (“131”) pursuant to the agreement, ZC and 131 agreed to a proposed purchase by ZC of 100% of the issued and outstanding securities of Zero Candida in exchange for the issuance of ZC's securities. The transaction was intended to constitute a reverse takeover of ZC. In accordance with the agreement, the transaction was considered a triple sleeve reversal merger, where the wholly owned Israeli subsidiary of 131 Ltd., which was incorporated solely for the purpose of the transaction, was merge with Zero Candida. The reverse merge consisted of two simultaneous mergers, whereby, ZC merged in Israel with a fully owned subsidiary company of 131 formed under the Company Law of Israel in the name 1319743 BC Ltd. and immediately following this merger, the merged entity Zero Candida Ltd. shall be upon a reverse merger with 131, a fully owned subsidiary of 131. The application of the Company for a reverse merger with 1319743 BC Ltd. was approved by the Israeli Corporate Registered on August 15, 2024.

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

The Company (i) completed the 131 Share Split following which the Company had a total of 2,000,000 131 Shares issued and outstanding; (ii) issued 10.66767 Company Shares for each ZC Share, being approximately 86.45% of the issued and outstanding share capital of the Company post Completion of the Transaction, at a deemed price of $2.00 per each such Common Share, for aggregate deemed consideration of $36,000,000 on a fully-diluted basis. Following the closing of the Transaction, ZC became a wholly owned subsidiary of the Company. In addition, following Completion of the Transaction, the Company issued a total of 1,213,416 incentive stock options to officers, directors and employees of ZC (10.66767 incentive Options in exchange for each currently outstanding ZC Option). The terms of the exercise of the Options shall be consistent with the terms of the originally issued underlying ZC securities. Subsequently, the exchange ratio was amended by the parties to 9.6165.

On November 25^{th} 2023 Company’s shares commenced trading on TSX Venture Exchange (the "TSXV") under the ticker symbol “ZCT”.

Note 1 – General (Continued)

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

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

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

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

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

The Product

The Company developed a developed a smart tampon-like device, designed to treat Candidiasis, a very common fungal infection. The device is based on smart technology that distributes light and a sensor that gathers and conveys data. The technology and the sensor are patented and together they provide focused and very precise treatment, supported by proven scientific data.

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

Patents

On May 2023, the Company was granted a South African patent (Patent No: 2022/09265), As of the valuation date the has applied for Patents in Israel, the US, and Canada. The abstract in the patent application states the following claims:

“Bio adhesive mini tablets offer potential for improved residence time in the vaginal cavity targeting contact with mucosal tissue and prolonged release of the drug. Mini tablets with a matrix of either HPMC or HPC were found to possess adequate mechanical strength, bio adhesive behavior towards cow vaginal tissue, and show pH independent controlled release of the drug, suggesting that both systems are equally suited for the treatment of both pre- and post-menopausal women. Mini-tablet formulations based on MC or HEC were mechanically weaker and disintegrated fast upon contact with fluids and therefore released the full drug load within a few minutes. Bio adhesion towards vaginal tissue could not be successfully evaluated, either in the rotating cylinder test or in the detachment test”.

Note 1 – General (Continued)

B. Definitions

In these financial statements:
Related parties - as defined in IAS 24
CAD - Canadian dollar

C. Material event during the reporting period

Effects of the "Iron Swords" war

Following the brutal attacks on Israel, the mobilization of army reserves and the Government declaration of a state of war ("Iron Swords" war) in October 2023, there was a decrease in Israel's economic and business activity. The security situation has led, inter alia, to a disruption in the chain of supply and production, a decrease in the volume of national transportation, a shortage in manpower as well as a decrease in the value of financial assets and a rise in the exchange rate of foreign currencies in relation to the shekel.

The Company has examined the effects of the aforesaid and based on several scenarios that were examined, has reached the conclusion that the Company is able to continue paying its liabilities in the foreseeable future. In this examination, the Company relied on forecasts and on the liquid assets at its disposal, unutilized credit facilities, possibilities for cost cutting, streamlining plans, unencumbered assets, and so forth.

Effects of the "Rising Lion" war

In June 2025, an escalation occurred between Israel and Iran following military developments referred to as the "Rising Lion" war, which increased geopolitical and security uncertainty in the region and in Israel. This escalation may have implications for economic activity, financial markets, supply chains and the overall business environment in Israel.

As of the date of approval of these financial statements, the full extent of the effects of these developments on the Israeli economy and on the Company's operations cannot be reliably estimated. Management continues to monitor the situation and assess its potential impact on the Company's operations, financial position and liquidity. At this stage, no material impact on the Company's financial statements has been identified; however, future developments may affect the Company's business activity and financial results.

D. Disclosure of certain risks and uncertainties

The Company's operations of developing and designing a medical device is subject to local and international regulatory requirements and standards and is characterized by frequent significant changes in technology and requirements heavy regulations in the global market and the Israeli market.

The Company is in a preliminary development phase and its success depends on several factors including, among others: the knowledge and technology it has in comparison to its competitors, compliance with regulatory and standard requirements, dependence on professional and key personnel, fund raising for R&D activity and finding a strategic partner for penetrating the global market. Some of the Company's competitors or potential competitors may have greater or better knowledge, technology, financial resources, and business experience. Therefore, the Company's ability to continue and achieve its research and development goals and plans and the ability to introduce to the markets medical devices that meets market requirements in quality and prices are not guaranteed.

Note 1 – General (Continued)

D. Disclosure of certain risks and uncertainties (cont.)

The Company's activity is affected by the various supervisory authorities' policy to approve its products. Delayed or refused approval to develop and market products by the Company will negatively affect further development and the progression to the next development phase. Hence the field of therapeutic vaccine combines varied and numerous uncertainties. Even at a very late stage of development, the

product may not perform as expected or may fail to meet various regulatory criteria. Consequently, development may cease with a loss of the vast resources invested prior thereto.

The Company's research and development operations is dependent upon certain key personnel including related parties.

E. Financial position

The Company has so far financed its operations mainly through equity resulting from raising capital. The Company is expected to generate further losses from research and development operations which will be expressed in negative cash flows from operating activity. Hence the continuation of the Company's operations depends on raising the required financing resources, generating income and reaching profitability, which are not guaranteed at this point. The Company`s ability to continue as a going concern, is dependent on the Company meeting the factors of the business plan designed by Management, forecasts and related key assumption, potential liquidity risks and cash flow projection.

As part of their ongoing responsibilities, the Company's Board of Directors and Management have undertaken a thorough review of the Company's cash flow forecast and potential liquidity risks. Forecasts of operating results and cash flow projections were prepared for the period of 12 months from the date of approval of the financial statements. According to such projections, the Company's Board of Directors and Management believe that the Company has sufficient resources for the continuation of its research and development activities and to meet its obligations for at least 12 months from the date of the financial statements.

Note 2 – Basis of presentation

A. Statement of compliance

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

Note 2 – Basis of presentation (Cont.)

B. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of accounting estimates used in the preparation of the Company's financial statements requires that management of the Company makes assumptions regarding circumstances and events that involve considerable uncertainty. Company Management prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected Information about assumptions made by the Company with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following table:

Estimate	Principal assumptions	Possible effects	Reference
Recoverability of development costs	The criteria for recognizing development project costs as intangible assets have met.	Amortization of the development costs in profit or loss	Development costs have been expensed as incurred, see Note 9.
Recognition of deferred tax asset in respect of tax losses	The probability that in the future there will be taxable profits realizable against losses carried forward.	Recognition or reversal of deferred tax asset in profit or loss	For information on losses for which a deferred tax asset was not recognized, see Note 11.
Fair value of share-based payments	The fair value of share-based payments is determined upon initial recognition by an acceptable option pricing model.	The inputs to the model include share price, exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield.	See Note 14 regarding share-based payments.
Determining the lease term	In order to determine the lease term, the Group takes into consideration the period over which the lease is non-cancellable, including renewal options that are reasonably certain it will exercise and/or termination options that it is reasonably certain it will not exercise.	An increase or decrease in the initial measurement of a right-of-use asset and lease liability and in depreciation and financing expenses in subsequent periods.	See Note 5regarding leases.

Note 2 – Basis of presentation (Cont.)

C. Use of estimates and judgments (cont.)

Determining the discount rate of a lease liability	The discount discounts the lease payments using its incremental borrowing rate.	An increase or decrease in the lease liability, right-of-use asset and depreciation and financing expenses recognized.	See Note 5 regarding leases.

D. Determination of fair value

Preparation of the financial statements requires the Group to determine the fair value of certain assets and liabilities. When determining the fair value of an asset or liability, the Company uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
Level 3: inputs that are not based on observable market data.

E. Historical cost basis

The financial statements have been prepared on a historical cost basis, except for:

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

F. Foreign currency transactions

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

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

Translation from Functional Currency to Presentation Currency performed as follow: (1) all assets and liabilities were translated using the closing exchange rate as of the balance sheet date; (2) equity items were translated using historical exchange rates; (3) items of comprehensive income/loss, unless this is not practicable to assess the cumulative effect of the rates prevailing on the transaction dates; were translated at the average exchange of each reported yea ; and (4) the resulting translation differences have been reported as foreign currencies translation adjustments within other comprehensive income/loss.

Note 2 – Basis of presentation (Continued)

F. Foreign currency transactions (Cont.)

Transactions, assets and liabilities in foreign currency

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

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

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

G. Operating Cycle

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

H. Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company that is controlled by the Company (subsidiary).
Significant intercompany balances and transactions and gains or losses resulting from intercompany transactions are eliminated in the consolidated financial statements.
Subsidiary is an entity controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control is lost. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group

I. Foreign currency transactions

Functional currencies

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

Note 2 – Basis of presentation (Continued)

I. Foreign currency transactions (Cont.)

Transactions, assets and liabilities in foreign currency

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

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

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

J. Management of capital

The Company considers its capital to be comprised primarily of shareholders' equity. Due to the nature and stage of the Company's operations, its activities are financed mainly through equity issuances and other funding arrangements.

The Company's objective in managing its capital is to maintain its ability to continue as a going concern and to support the development of its business. Management monitors the Company's capital structure and liquidity position on an ongoing basis through planning and budgeting processes.

There were no changes in the Company's approach to capital management during the six months ending June 30, 2026. The Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are to safeguard the Company's ability to continue to operate and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company's capital is composed of its shareholders' equity and its liabilities .

The Company manages and adjusts its capital structure whenever changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may issue new shares or acquire, dispose of or jointly operate certain of its assets. In order to facilitate the management of its capital requirements, the Company actively monitors its liquidity and short and long-term funding requirements. There was no change to the Company's approach to capital management during the year.

Future financing is dependent upon market conditions and there can be no assurance the Company will be able to raise funds in the future should the need arise. The Company defines capital as shareholders equity plus the convertible debentures.

The Company manages its capital structure to maximize its financial flexibility by adjusting it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital but rather relies on the expertise of the Company's management to sustain the future development of the business.

The Company's objective when managing its capital is to maintain adequate levels of funding to support its operations and maintain the necessary corporate and administrative functions to facilitate these activities.

Note 3 - Material Accounting Policies

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

A. Cash and cash equivalents

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

B. Share-based payments transactions

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

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

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

C. Earnings (Loss) per share

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

If the number of Ordinary Shares outstanding increases as a result of a capitalization, bonus issue, or share split, the calculation of earnings per share for all periods presented are adjusted retrospectively. Potential Ordinary shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share.

Note 3 - Material Accounting Policies (Continued)

D. Intangible assets

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

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

E. Financial instruments

(1) Financial assets

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

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

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

Debt instruments are measured at amortized cost when:

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

Note 3 - Material Accounting Policies (Continued)

E. Financial instruments (Continued)

(2) Impairment of financial assets

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

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

b) Debt instruments whose credit risk has increased significantly since initial recognition, and whose credit risk is not low - the loss allowance recognized is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime ECLs).

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

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

Derecognition of financial assets:

A financial asset is derecognized only when:

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

(3) Financial liabilities

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

(4) Derecognition of financial liabilities

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

Note 3 - Material Accounting Policies (Continued)

E. Financial instruments (Continued)

(5) Share capital

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

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

F. Research and development

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

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

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

As of June 30, 2026, the consolidated financial statements do not include development costs that were capitalized.

G. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the a1 mount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

Onerous contracts

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

Note 3 - Material Accounting Policies (Continued)

H. Retirement and termination costs

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

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

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

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

I. Short-term and other long-term employee benefits

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

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

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

J. Taxes

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

As of June 30, 2026, Management believed that the deferred tax assets is not likely to be realizable against taxable income in the foreseeable future and therefore has provided a valuation allowance against the deferred tax asset.

Note 3 - Material Accounting Policies (Continued)

K. New and revised standards and interpretations not yet adopted

Standard	Disclosure	Effective date and transition	Effects
IFRS 18, *Presentation and Disclosure in Financial Statements*	This standard replaces IAS 1, *Presentation of Financial Statements*. The purpose of the standard is to provide improved structure and content to the financial statements, particularly the income statement. The standard includes new disclosure and presentation requirements that were taken from IAS 1, *Presentation of Financial Statements*, with small changes. As part of the new disclosure requirements, companies will be required to present two subtotals in the income statement: operating profit and profit before financing and taxes. Furthermore, for most companies, the results in the income statements will be classified into three categories: operating profit, profit from investments and profit from financing. In addition to the changes in the structure of the income statements, the standard also includes a requirement to provide separate disclosure in the financial statements regarding the use of management-defined performance measures (non-GAAP measures). Furthermore, the standard adds specific guidance for aggregation and disaggregation of items in the financial statements and in the notes. The standard will encourage companies to avoid classifying items as ‘other’ (for example, other expenses), and using this classification will lead to additional disclosure requirements.	The standard is effective from annual reporting periods beginning on or after January 1, 2027, with earlier application being permitted	The Company is examining the effects of the standard on its financial statements with no plans for early adoption.

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

Note 4 – Other accounts receivable

	June 30 2 0 2 5	December 31, 2025
Consist of:		
Government institute	13	96
Prepaid expenses	9	33
Other	-	30
Total	**22**	159

Note 5- Other accounts payable

	June 30 2 0 2 5	December 31, 2025
Consist of:		
Employees for salaries and related social benefits	20	36
Related Parties (1)	1,198	986
Other	12	11
Total	**1,231**	**1,033**

(1) Related Parties

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly. Management of the Company appointed by the board of directors as follows: Chief Executive Officer, Chief Financial Officer.

The CEO and the President of the Company has undertaken to defer the payment of their consulting fees under consulting agreements. Included in accounts payable, including related parties is CAD 1,198 due to key management personnel as of June 30, 2026 (December 31, 2025 – CAD 986)

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

Note 6 - Shareholder's equity

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

	30.06.2026		31.12.2025	
	Authorized	Issued and paid up	Authorized	Issued and paid up
	Number of Ordinary Shares			
Ordinary Shares	19,533,037	19,533,037	19,533,037	19,533,037

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

(1) The Company's Ordinary Share provides its owners: voting rights, participants in the shareholder's meetings, earnings participant rights, and retain earnings participants in case of company liquidation.

(2) During financial year ended December 31, 2022, 1,000,000 Ordinary Shares of 0.001 NIS par value were issued to 2 controlling shareholders the Chairman of the Bord of Directors and the Chief Executive Office of the Company, for their par value of 0.001 NIS per Ordinary Share.

(3) During the financial year ended December 31, 2022, 5,506 Ordinary Shares of 0.001 NIS Par value were issued for a total consideration of CAD 37 (approximately 95 NIS thousand).

(4) During the financial year ended December 31, 2023, 494,435 Ordinary Shares of 0.001 NIS par value were issued for a total consideration of CAD 2,295 (approximately 6,356 NIS thousand), for a price of 15.9 NIS per Ordinary Share (average price, net of direct issuance costs 12.9 NIS per Ordinary Share).

(5) During financial year ended December 31, 2024, 107,296 warrants and 123,704 stock options issued by the Company have been exercised into 231,000 ordinary shares of the Company upon a payment of their exercise price, net of direct issuance costs, of CAD 1,299 (3,589 NIS thousands). On October 30, 2024, the Company completed a non-brokered financing of CAD 902 through the issuance of 93,784 Ordinary Shares, at the price of CAD 9.617 per share. In addition, in connection with this offering, the Company issued a total of 3,335 Ordinary Shares (at nominal value) as a finder' reverse acquisition:

The Company (i) completed the 131 Share Split following which the Company had a total of 2,000,000 131 Shares issued and outstanding; (ii) issued 10.66767 Company Shares for each ZC Share, being approximately 86.45% of the issued and outstanding share capital of the Company post Completion of the Transaction, at a deemed price of $2.00 per each such Common Share, for aggregate deemed consideration of $36,000,000 on a fully-diluted basis. Following the closing of the Transaction, ZC became a wholly owned subsidiary of the Company. In addition, following Completion of the Transaction, the Company issued a total of 1,213,416 incentive stock options to officers, directors and employees of ZC (10.66767 incentive Options in exchange for each currently outstanding ZC Option). The terms of the exercise of the Options shall be consistent with the terms of the originally issued underlying ZC securities. Subsequently, the exchange ratio was amended by the parties to 9.6165. for further information, see Note 1 A for reverse acquisition.