PLANTIFY FOODS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023

INDEX

- - - - - - - - - - -

Independent Auditors' Report
To the Shareholders of Plantify Foods, Inc.

Opinion

We have audited the consolidated financial statements of Plantify Foods, Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2023, and December 31, 2022, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023, and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB").

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to the 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 1b to the consolidated financial statements. The Group incurred losses from operations since its inception, and as of December 31, 2023, the Group has an accumulated deficit of $8,859 thousand. In addition, the Group generated negative cash flows from operating activities of $1,969 thousand and a loss in the amount of $2,427 thousand for the year ended December 31, 2023, As stated in Note 1b, these events and conditions, along with other matters as set forth in Note 1b, indicate that a material uncertainty exists that may cast significant doubt on the Group'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 consolidated financial statements of the year ended December 31, 2023. 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 the Management's Discussion and Analysis for the year ended December 31, 2023.

Tel Aviv	Jerusalem	Haifa	Beer Sheva	Bnei Brak	Kiryat Shmona	Petah Tikva	Modiin Ilit	Nazrat Ilit
03-6386868	02-6546200	04-8680600	077-7784100	073-7145300	077-5054906	077-7784180	08-9744111	04-6555888

Main office: Beit Amot BDO, 48 Menachem Begin Road, Tel Aviv, 6618001 **Email:** bdo@bdo,co.il **Website:** www.bdo.co.il

BDO Israel, an Israeli partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firm

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Tel Aviv +972-3-6386868 | Jerusalem +972-2-6546200 | Haifa +972-4-8680600 | Beer Sheva +972-77-7784100 | Bene Berak +972-73-7145300 | Kiryat Shmona +972-77-5054906 | Petach Tikva +972-77-7784180 | Modiin Illit +972-8-9744111 | Nazareth Illit +972-4-6555888 | Eilat +972-8-6339911

Head Office: Amot BDO House, 48 Menachem Begin Road, Tel Aviv 6618001, ISRAEL Email: bdo@bdo.co.il Our Site: www.bdo.co.il

BDO Israel, an Israeli partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms

- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Iris Less.

Tel-Aviv, Israel
March 28, 2024

Ziv Haft
Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

BDO Israel, an Israeli partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firm

PLANTIFY FOODS, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(US Dollar in thousands)

	Note	As at December 31, 2023	As at December 31, 2022
		US$ in thousands	
CURRENT ASSETS:			
Cash and cash equivalents	5	259	59
Accounts receivable, Net	6	146	146
Short term deposit		-	15
Other accounts receivable	7	65	30
Inventory	8	89	88
Total current assets		559	338
NON-CURRENT ASSETS:			
Investment in marketable securities	11	333	-
Long term restricted deposit		127	32
Property, plant and equipment, Net	10	1,368	1,523
Total non-current assets		1,828	1,555
TOTAL ASSETS		2,387	1,893

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

PLANTIFY FOODS, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(US Dollar in thousands)

	Note	As At December 31, 2023	2022
		US$ in thousands	
CURRENT LIABILITIES:			
Trade payables	12	290	431
Other payables	13	388	465
Warrants	14	2	503
Short term bank loan	16	92	207
Short term Lease liability	9	59	16
Convertible Debentures	17	1,263	388
Total current liabilities		2,094	2,010
NON CURRENT LIABILITIES:			
Long term Lease liability	9	494	570
Shareholders loan	18	170	165
Long term bank loan	16	310	13
Total non current liabilities		974	748
SHAREHOLDERS' EQUITY (Deficit):			
Capital reserve		73	109
Option reserve	19	230	47
Share capital and additional paid in capital	19	6,456	3,992
Share purchase warrants reserve		1,419	1,419
Accumulated deficit		(8,859)	(6,432)
Total shareholders' equity (Deficit)		(681)	(865)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,387	1,893

March 28, 2024	*"Gabriel Kabazo"*	*"Noam Ftecha"*
Date of approval of the financial statements	Gabi Kabazo Chief Financial officer & Director	Noam Ftecha Director

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

PLANTIFY FOODS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(US Dollar in thousands except share and per share data)

	Note	For The Year Ended December 31, 2023	For The Year Ended December 31, 2022
		US$ in thousands	
Sales	22	604	374
Cost of sales	23	(675)	(477)
Gross loss		(71)	(103)
Operating expenses:			
Research and development expenses	24	(36)	(41)
Selling, marketing and administrative expenses	25	(2,055)	(1,353)
Total operating expenses		(2,091)	(1,394)
Operating loss		(2,162)	(1,497)
Financial income	26	501	-
Financial expense	26	(268)	(543)
Loss from marketable securities	11	(498)	-
Listing expenses	27	-	(2,630)
Net loss before taxes		(2,427)	(4,670)
Tax expenses		-	-
Net loss for the year		(2,427)	(4,670)
Other comprehensive loss:			
Amounts that will not be reclassified subsequently to profit and loss:			
Adjustments arising from translating financial statements from functional currency to presentation currency		(25)	(112)
Total components that will not be reclassified subsequently to profit and loss		(25)	(112)
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met:			
Adjustments arising from translating financial statements of foreign operations		(11)	159
Total components that will be or that have been reclassified to profit or loss		(11)	159

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

PLANTIFY FOODS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(US Dollar in thousands except share and per share data)

		For The Year Ended	
		December 31, 2023	**December 31, 2022**
	Note	**US$ in thousands**	
Comprehensive loss for the year		(2,463)	(4,623)
Basic and diluted loss per share	28	(0.01)	(0.04)
Weighted average number of shares outstanding used to compute basic and diluted loss per share		226,855,766	120,557,361

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

PLANTIFY FOODS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(In thousands of US Dollars)

	Number of shares	Ordinary share capital and Additional paid in Capital	Share purchase warrants reserve	Option reserve	Capital reserve	Accumulated deficit	Total
Balance at January 1, 2023	147,317,644	3,992	1,419	47	109	(6,432)	(865)
Changes during 2023:							
Shares issued for investment in Save Foods	30,004,349	827	-	-	-	-	827
Convertible debt option reserve	-	61	-	-	-	-	61
Shares issued as finder's fees	2,150,217	-	-	-	-	-	-
Shares issued – rights offering	183,555,707	1,361	-	-	-	-	1,361
Shares issued for services	6,397,537	215	-	11	-	-	226
Share based payments	-	-	-	172	-	-	172
Net loss	-	-	-	-	-	(2,427)	(2,427)
Other comprehensive income for the period	-	-	-	-	(36)	-	(36)
Balance at December 31, 2023	369,425,454	6,456	1,419	230	73	(8,859)	(681)

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

PLANTIFY FOODS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(In thousands of US Dollars)

	Number of shares	Ordinary share capital amount	Additional paid in Capital	Share purchase warrants reserve	Option reserve	Capital reserve	Accumulated deficit	Total
Balance at January 1, 2022	101,565,783*	19	1,161	-	-	62	(1,762)	(520)
Changes during 2022:								
Shares and warrants issued in subscription receipt financing	30,500,000	-	1,441	1,419	-	-	-	2,860
Shares issued upon reverse takeover – (Note 4)	5,100,000	(19)	497	-	47	-	-	525
Shares issued as finder's fees and corporate finance fee	8,810,581	-	826	-	-	-	-	826
Shares issued for services	1,341,280	-	67	-	-	-	-	67
Net loss	-	-	-	-	-	-	(4,670)	(4,670)
Other comprehensive income for the period	-	-	-	-	-	47	-	47
Balance at December 31, 2022	147,317,644	-	3,992	1,419	47	109	(6,432)	(865)

* The number of shares outstanding before the RTO have been restated to reflect the effect of issuing 14.5094 RTO shares for each share outstanding.

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

PLANTIFY FOODS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US Dollars)

	For The year ended December 31, 2023	For The year ended December 31, 2022
	US$ in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	(2,427)	(4,670)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	135	100
Amortization of Right Of Use asset	57	66
Interest and loss on debentures	133	19
Interest on lease obligation	25	29
Foreign exchange loss	9	-
Share based compensation	172	-
Loss from investment in marketable securities	498	-
Shares issued for debt settlement	-	60
Interest benefit from Shareholders loan	10	11
RTO expense	-	525
Shares issued to finders and advisors	226	893
Interest on bank loans	1	12
Warrants fair value revaluation	(501)	422
Increase (Decrease) in accounts receivable	(4)	92
Decrease (Increase) in other accounts receivable	(35)	9
Increase in Inventory	(3)	(40)
Increase (Decrease) in accounts payable	(136)	65
Increase (Decrease) in other accounts payable	(129)	180
Net cash used in operating activities	(1,969)	(2,227)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(85)	(849)
Change in short term deposit	15	-
Change in long term deposit	(95)	5
Net cash used in investing activities	(165)	(844)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common shares and warrants, net	1,361	2,800
Repayment of bank loans	(234)	(25)
Receipt of bank loan	431	-
Payment of lease obligation	(41)	(39)

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

PLANTIFY FOODS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US Dollars)

	For The year ended December 31, 2023	For The year ended December 31, 2022
	US$ in thousands	
Repayment of convertible debenture	(155)	-
Cash acquired from acquisition of POB	-	75
Issuance of convertible debentures	1,008	369
Reciept of Loans	-	(238)
Net cash provided by financing activities	2,370	2,942
Effect of exchange rate fluctuations on cash and cash equivalents	(36)	74
Net Increase in cash and cash equivalents	236	(129)
Cash and cash equivalents at the beginning of the period	59	114
Cash and cash equivalents at the end of the period	259	59

	For The year ended December 31, 2023	For The year ended December 31, 2022
	US$ in thousands	
NON CASH ACTIVITIES:		
Equity contribution from shareholders loan	10	11
Lease liabilities arising from obtaining right-of-use-assets	-	624
Shares issued for Investment in Save Foods	827	-
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	74	41

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

NOTE 1: NATURE OF BUSINESS AND GOING CONCERN

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

The Company is engaged in the development, production and sales of Clean Label plant-based foods through its 100% owned subsidiary, with its manufacturing facility located in Kibbutz Gonen, Israel.

On February 18, 2022, Antalis Ventures Corp. (“Antalis”) entered into a Business Combination Agreement (“BCA”) with POB Finco Inc. Ltd. (“FinCo”) and Peas of Bean Ltd. (“POB”). Pursuant to the terms of the BCA: (i) Antalis and FinCo would amalgamate to form a new company to be named “Plantify Foods, Inc.” (the “Amalgamation Transaction”), and (ii) Plantify would acquire all of the issued and outstanding shares of POB from its shareholders in exchange for a pro-rated number of shares of Plantify.

On July 29, 2022, the Company completed the business combination transaction with POB (note 4). As a result of the business combination transaction, POB became a wholly owned subsidiary of the Company. This transaction is accounted for as a reverse takeover of the Company by POB.

b. The Company expects to continue to finance itself through raising adequate funds in the foreseeable future. The Company incurred a net loss of $2,427 for the year ended December 31, 2023 and generated $8,859 of accumulated deficit since inception. In addition, the Group generated negative cash flows from operating activities of $1,969. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

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

c. War in Israel - In October 2023, Israel was attacked by the Hamas terrorist organization and entered a state of war. POB’s production facilities are located proximal to the border with Lebanon in the north. To date, there is no material adverse impact on the Company’s operations and financial results as a result of this war. However, at this time, it is not possible to predict the intensity or duration of the war and if the war will escalate to the border with Lebanon which can impact POB’s operations, nor can the Company predict how this war will ultimately affect Israel’s economy in general. The Company continues to monitor the situation closely and examine the potential disruptions that could adversely affect its operations.

NOTE 2:- MATERIAL ACCOUNTING POLICY INFORMATION

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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company's financial statements have been prepared on a cost basis, except for financial instruments which are measured at fair value through profit or loss.

The Company has elected to present comprehensive loss items using the "function of expense" method.

b. Functional currency, reporting currency and foreign currency:

1. Functional currency and reporting currency:

The reporting currency of the financial statements is United states dollar.

The functional currency of the Company is Canadian dollars (“CAD”), and the functional currency of its subsidiary is the New Israeli Shekel (“NIS”). NIS represents the main economic environment in which the subsidiary operates.

2. The financial statements are translated as follows:

Transactions and balances in foreign currencies are converted into US Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates". Transactions in NIS in POB are translated to CAD and will be reclassified to profit and loss, while transactions in CAD are translated to USD and are not reclassified to profit and loss.
Accordingly, transactions and balances have been converted as follows:

- Monetary assets and liabilities - at the rate of exchange applicable at the statements of financial position date.
- Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive loss.
- Expense items - at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange at the statements of financial position date.

NOTE 2:- MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

c. Cash and cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition.

d. Inventory:

Inventory is recognized at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The Company measures the cost of raw materials on a First In First Out ("FIFO") basis and finished goods according to costs based on direct costs of materials and labor.

e. Revenue recognition:

Revenue is recognized by the Company in accordance with IFRS 15, "Revenue from Contracts with Customers". Through application of this standard, the Company recognizes revenue to depict the transfer of promised goods to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to the customer;
- Allocate the transaction price to the performance obligation(s) in the contract;
- Recognize revenue when or as the Company satisfies the performance obligation(s).

For contracts that permit the customer to return goods that were purchased, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on historical data and past experience. Returned goods are exchanged only for new goods, i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognized.

f. Research and development expenses:

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;

NOTE 2:- MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

Research expenditures and development expenditures that do not meet the criteria as set out above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

g. Impairment of non-financial assets:

The Company evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount.

The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs and is calculated based on the projected cash flows that will be generated by the cash generated unit. Impairment losses are recognized in profit or loss.

An impairment loss of an asset is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years, and its recoverable amount.

The Company did not recognize any impairment of non-financial assets for any of the periods presented.

h. Property, plant and equipment, net

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, at the following annual rates:

The annual depreciation rates are as follows:

%	
7-33	Furniture and Computers
10	Leasehold Improvement
10-25	Machines and Equipment

NOTE 2:- MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

i. Financial instruments

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques prepared by an appraiser that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification of financial instruments by fair value hierarchy

Assets and liabilities presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 – Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

NOTE 2:- MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

1. Financial assets

The Company classifies its financial assets into one of the following categories, based on the business model for managing the financial asset and its contractual cash flow characteristics. The Company's accounting policy for the relevant category is as follows:

Amortized cost: These assets arise principally from the provision of goods and services to customers (e.g. trade accounts receivable), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. Impairment provisions for trade accounts receivable are recognized based on the simplified approach within IFRS 9 using a provision in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within general and administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Fair value through profit or loss: The Company measures its investment in marketable securities at fair value through profit or loss.

2. Financial Liabilities

Financial liabilities are measured into two categories based on measurement:

Fair value through profit or loss: The Company measures its warrant financial liabilities and convertible debentures (See Note 17b) at fair value through profit or loss.

Financial liabilities classified as amortized cost : The Company measures its convertible debentures at amortized cost (See Note 17a).

Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is any objective evidence of impairment of financial assets carried at amortized cost. The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an

NOTE 2:- MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

approximation of the original effective interest rate. ECLs are recognized in two stages.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade accounts receivable, the Company applies a simplified approach in calculating ECLs.

As of December 31, 2023 and 2022, according to Company's management assessment, no ECL were recorded.

Write-off policy

The Company writes off its financial assets if any of the following occur:
- Inability to locate the debtor.
- Discharge of the debt in a bankruptcy.
- It is determined that the efforts to collect the debt are no longer cost effective given the size of receivable.

The collections department must comply with the collection efforts outlined in the policy to collect on delinquent customer accounts before any write-offs are made.

3. 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.

j. Loss per share:

Loss per share is calculated by dividing the loss attributable to Company shareholders by the weighted number of outstanding ordinary shares during the period. Potential Ordinary shares are only included in the computation of diluted loss per share when their conversion increases loss per share or decreases income per share. Potential Ordinary shares that are converted during the period are included in diluted loss per share only until the conversion date.

k. Related party transactions:

NOTE 2:- MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personnel and directors. Transactions with related parties, if any, are incurred in the normal course of business and are measured at the amount of consideration established and approved by the related parties. Difference between the expenses recorded and its fair value is recorded under capital reserve.

l. Employee benefit liabilities:

POB's liability for severance pay is pursuant to Section 14 of the Severance Compensation Act, 1963 ("Section 14"), pursuant to which all the POB's employees are included under Section 14, and are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in the employee's name with insurance companies. Under Israeli employment law, payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees. The fund is made available to the employee at the time the employer-employee relationship is terminated, regardless of cause of termination. The severance pay liabilities and deposits under Section 14 are not reflected in the balance sheets as the severance pay risks have been irrevocably transferred to the severance funds.

m. Provisions:

A provision in accordance with IAS 37 is recognized when the Group 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. If the Group expects part or all of the expense to be reimbursed to the Company, such as in an insurance contract, the reimbursement is recognized as a separate asset only when it is virtually certain that it will be received by the Company. The expense is recognized in the income statement net of the reimbursed amount.

n. Taxes on income:

As it is not likely that taxable income will be generated in the foreseeable future, deferred tax assets due to accumulated losses are not recognized in the financial statements.

o. Government grants:

Government grants are recognised in comprehansive loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

p. Leases:

Leased assets and lease liabilities

Contracts that award the Company control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the Company recognizes a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and concurrently recognizes a right-of-use asset at the

NOTE 2:- MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

same amount of the lease liability, adjusted for any prepaid or accrued lease payments, plus initial direct costs incurred in respect of the lease.

Since the interest rate implicit in the Company's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequent to initial recognition, the right-of-use asset is

accounted for using the cost model, and depreciated over the shorter of the lease term or useful life of the asset.

The lease term
The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

Reassessment of lease liability
Upon the occurrence of a significant event or a significant change in circumstances that is under the control of the Company and had an effect on the decision whether it is reasonably certain that the Company will exercise an option, which was not included before in the lease term, or will not exercise an option, which was previously included in the lease term, the Company re-measures the lease liability according to the revised leased payments using a new discount rate. The change in the carrying amount of the liability is recognized against the right-of-use asset, or recognized in profit or loss if the carrying amount of the right-of-use asset was reduced to zero.

q. Compound financial instruments:

Convertible debentures which contain both an equity component and a liability component are separated into two components. This separation is performed by first determining the liability component based on the fair value of an equivalent non-convertible liability. The value of the conversion component is determined to be the residual amount. Directly attributable transaction costs are apportioned between the equity component and the liability component based on the allocation of proceeds to the equity and liability components.

r. Share-based payments:

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

NOTE 2:- MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

s. New standards, interpretations and amendments adopted from 1 January 2023:

1. New standards, interpretations and amendments adopted from 1 January 2023

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements); These amendments have no effect on the measurement or presentation of any items in the Consolidated financial statements of the Company but affect the disclosure of accounting policies of the Company.
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors); These amendments had no material effect on the consolidated financial statements of the Company.

2. New standards, interpretations and amendments not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2023 that the Company has decided not to adopt early. The Company is currently assessing the impact of these new standards, interpretations and amendments. The Company does not believe that the standards, interpretations and amendments will have a material impact on the financial statements once adopted.

NOTE 3:- CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Group's financial position is the fair value valuation of warrants.

<u>Fair value valuation of warrants</u>

The Company measures the fair value of the warrants using the Monte-Carlo valuation model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the warrants (see also Note 14).

<u>Shareholders Loan</u>

Based on the original loans terms, the Company classified the loans as a non-current liability and measured it in accordance with IFRS 9 financial instruments at the amount payable on demand i.e.

NOTE 3:- CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont.)

the PAR value plus any accrued interest or CPI exchange differences, respectively.

Subsequent to inception, the Company accounts for any difference between a market interest rate for such loans and the denominated interest as an equity contribution. (see Note 18).

Convertible Debentures

Based on the CAD$1,500 thousands convertible debenture terms, the Company classified the debentures as current liabilities and the conversion feature as a convertible debt option reserve in accordance with IFRS 9 financial instruments. The significant estimates and judgments applicable to the convertible debentures included: the Company's stock price and volatility, implied default intensity and other factors for the valuation model (see Note 17)

Based on the CAD$290 thousands convertible debenture terms, the Company classified the debentures as current liabilities and measured it at fair value in accordance with IFRS 9 financial instruments. (see Note 17)

NOTE 4:- ACQUISTION

Reverse Takeover of Antalis Ventures Corp.

On February 18, 2022, Antalis entered into a Business Combination Agreement ("BCA") with POB Finco Inc. Ltd. ("FinCo") and Peas of Bean Ltd. ("POB"). Pursuant to the terms of the BCA: (i) Antalis and FinCo would amalgamate to form a new company to be named "Plantify Foods, Inc." (the "Amalgamation Transaction"), and (ii) Plantify would acquire all of the issued and outstanding shares of POB from its shareholders in exchange for a pro-rated number of shares of Plantify.
On July 29, 2022, the Company issued an aggregate of 101,565,783 common shares to POB shareholders in consideration for all the 6,999,999 shares issued and outstanding of POB. Upon completion of the Share Exchange, POB became a wholly-owned subsidiary of the Company, and the Company continued to carry out the business operations of POB.

Under the terms of the BCA, up to an additional 40,300,000 Shares will be issuable to POB's Shareholders subject to the Company attaining the following financial performance targets:

- 18,800,000 Shares will be issuable upon the Company reaching cumulative gross revenue of CAD$6 million in any trailing 12-month period within 30 months of July 29, 2022; and

- 21,500,000 Shares will be issuable upon the Company reaching cumulative gross revenue of C$12 million in any trailing 12-month period within 42 months of July 29, 2022

As a result of the Share Exchange, POB is deemed to be the acquirer for accounting purposes ("Reverse Takeover") and therefore its assets, liabilities and operations are included in the condensed consolidated interim financial statements at their historical carrying value, with the operations of the Company being included from July 29, 2022, the closing date of the Reverse Takeover, and onwards.

(In thousands of US Dollars)

NOTE 4:- ACQUISTION (Cont.)

At the time of the reverse takeover, the Company did not constitute a business as defined under IFRS 3 *Business Combination*; therefore, the Reverse Takeover of the Company by POB is accounted for under IFRS 2 *Share-based Payments*. The transaction price of the acquisition was measured by reference to the fair value of the shares issued in the acquisition because the fair value of the listing service POB received could not be reliably measured. As a result, the consideration was first allocated to the identifiable assets and liabilities based on their fair values, and the difference between the consideration given to acquire the Company and the fair values of the identifiable assets and liabilities acquired by POB is recorded as a listing expense to profit and loss. The fair value of the consideration issued to acquire the Company is as follows:

Consideration transferred:	$
Fair value of shares and stock options retained by former Antalis shareholders	
(5,100,000 shares at CAD$0.12 per share)	478
(400,000 stock options at CAD$0.10 per stock option)	47
Total consideration transferred	525
Fair value of identifiable assets and liabilities acquired:	
Cash	75
Trade payable and other liabilities	(143)
Total net assets acquired	(68)
Listing expense	593

NOTE 5:- CASH AND CASH EQUIVALENTS

	December 31,	
	2023	**2022**
Cash denominated in NIS	212	50
Cash denominated in CAD	47	9
Total	259	59

(In thousands of US Dollars)

NOTE 6:- ACCOUNT RECEIVABLES, NET

	December 31, 2023	December 31, 2022
Open debts	151	124
Allowance for doubtful debts and returns	(9)	(3)
Checks receivables	4	25
Total	146	146

NOTE 7:- OTHER ACCOUNT RECEIVABLES

	December 31, 2023	December 31, 2022
Government authorities	65	30
Total	65	30

NOTE 8:- INVENTORY

	December 31, 2023	December 31, 2022
Raw material	41	23
Packaging	38	40
Goods in process and finished goods	10	25
Total	89	88

NOTE 9:- LEASES

The Company leases its facility located in Kibutz Gonen, Israel under a lease agreement expiring on December 31, 2031.

The lease was signed on December 2021 for a 10 years period starting January 2022. Monthly rent fee was NIS 12.5 thousands until December 2023 (approximately $4). and NIS 25 thousands from January 2024 (approximately $8).

At December 31, 2023, the Company’s lease assets and lease liabilities for leases totaled $462 (December 31, 2022 - $536) and $553 (December 31, 2022 - $586), respectively.

The Company uses its incremental borrowing rate as the discount rate for its leases, as the implicit rate in the lease is not readily determinable. As of December 31, 2023, the Company's leases had a weighted average remaining lease term of 8 years and a weighted average borrowing rate of 4.6%.

(In thousands of US Dollars)

NOTE 9:- LEASES (Cont.)

Lease liabilities

	December 31, 2023	**December 31, 2022**
Balance, opening	586	5
Additions (write off)	-	624
Lease payments	(41)	(39)
Translation adjustments	8	(4)
Balance, ending	553	586

Lease liabilities	**Year ended December 31,**	
	2023	**2022**
Interest expense	25	29
Total cash outflow for leases	41	39
Additions to right-of-use assets	-	624

The future minimum lease payments, under our lease agreement, as of December 31, 2023, are as follows:

	Amount
2024	83
2025	83
2026-2031	496

NOTE 10:- PROPERTY, PLANT AND EQUIPMENT, NET

	Furniture	Leasehold Improvements	Machines and equipment	Right to use asset	Land	Total
Cost						
Balance as at January 1, 2023	40	765	300	596	55	1,756
Additions	1	23	61	-	-	85
Translation adjustments	(2)	(22)	(8)	(18)	(1)	(51)
Balance as at December 31, 2023	39	766	353	578	54	1,790
Accumulated Depreciation						
Balance as at January 1, 2023	(11)	(62)	(100)	(60)	-	(233)

(In thousands of US Dollars)

Additions	(10)	(74)	(51)	(57)	-	(192)
Translation adjustments	-	-	2	1	-	3
Balance as at December 31, 2023	(21)	(136)	(149)	(116)	-	(422)
Property, plant and equipment, net, as at December 31, 2023	18	630	204	462	54	1,368
Cost						
Balance as at January 1, 2022	19	86	291	60	-	456
Additions	24	722	45	624	58	1,473
Write-off	-	-	-	(56)	-	(56)
Translation adjustments	(3)	(43)	(36)	(32)	(3)	(117)
Balance as at December 31, 2022	40	765	300	596	55	1,756
Accumulated Depreciation						
Balance as at January 1, 2022	(4)	(25)	(59)	(56)	-	(144)
Additions	(7)	(43)	(50)	(66)	-	(166)
Write-off	-	-	-	56	-	56
Translation adjustments	-	6	9	6	-	21
Balance as at December 31, 2022	(11)	(62)	(100)	(60)	-	(233)
Property, plant and equipment, net, as at December 31, 2022	29	703	200	536	55	1,523

NOTE 11:- INVESTMENT IN MARKETABLE SECURITIES

On March 31, 2023 the Company signed a securities exchange as well as a convertible debenture private placement agreements with Save Foods, Inc. (“SFI”), a company traded on the Nasdaq Capital Market. On April 5, 2023 the Company issued 30,004,439 common shares to SFI following the share exchange agreement which represented 19.99% of the issued and outstanding capital stock of the Company immediately prior to closing (and 16.66% of the issued and outstanding capital stock of the Company immediately following the closing) and received in consideration for that 1,164,374 common shares of SFI which represented 19.99% of the issued and outstanding capital stock of SFI immediately prior to closing (and 16.66% of the issued and outstanding capital stock of SFI immediately following the closing). As of December 31, 2023, the Company holds 5.6% of the shares of SFI

The investment in the marketable securities is measured at fair value through profit and loss and as of December 31, 2023 the Company recorded a net loss of $498 from that investment.

(In thousands of US Dollars)

NOTE 11:- INVESTMENT IN MARKETABLE SECURITIES (Cont.)

	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
Asset as of January 1, 2023	-	-	-	-
Fair value at inception	827	-	-	827
Change in fair value	(498)	-	-	(498)
Translation adjustments	4	-	-	4
Asset as of December 31, 2023	333	-	-	333

NOTE 12:- TRADE PAYABLES

	December 31,	
	2023	2022
Trade accounts payable	283	365
Checks	7	66
Total	290	431

NOTE 13:- OTHER PAYABLES

	December 31,	
	2023	2022
Employees and employees institutes	77	82
Accrued expenses	155	314
Reserve for vacation pay	86	66
Interest payable	67	-
Other payables	3	3
Total	388	465

NOTE 14:- WARRANTS

The Company accounts for the warrants issued to Hama Fund, who invested in the Company in March 2021 under IFRS 9 and they are classified as a liability since the exercise price is not denominated in the functional currency of the Company. The derivative financial liability is re-measured at each reporting date, with changes in fair value recognized in finance expense (income), net.

(In thousands of US Dollars)

NOTE 14:- WARRANTS (Cont.)

The derivative financial liability as of December 31, 2023 and December 31, 2022 amounted to $2 and $503, respectively. The amount was recorded at fair value according to a valuation performed by an independent third-party appraiser.
For the year ended December 31, 2023, the Company recorded an income of $501 (an expense of $422 in 2022) in the statement of comprehensive loss as a result of the change in the fair value of warrants.

The fair value measurement of the warrants as of December 31, 2023 in the table below was measured using a Black Scholes warrant pricing model. The key inputs that were used in measuring the fair value of the warrants as of December 31, 2023 were: risk free interest rate – 3.88%, expected volatility – 160.23%, Expected term 2 years from July 29, 2022 and Expected dividend yield - 0.

A summary of changes in share purchase warrants issued by the Company during the year ended December 31, 2023 is as follows:

	Number of Warrants*	Weighted Average Exercise Price ($)
Balance at December 31, 2022	**16,961,488**	**0.1378**
Movement during the year ended	-	-
December 31, 2023	**16,961,488**	**0.1378**

*The number of warrants outstanding have been restated to reflect the effect of issuing 14.5094 RTO shares for each share outstanding.

	Fair value measurements using input type			
	Level 1	**Level 2**	**Level 3**	**Total**
Balance as of January 1, 2022	-	-	113	113
Change in fair value	-	-	422	422
Translation adjustments	-	-	(32)	(32)
Warrant liability as of December 31, 2022	-	-	503	503
Warrant liability as of January 1, 2023	-	-	503	503
Change in fair value	-	-	(501)	(501)
Translation adjustments	-	-	-	-
Warrant liability as of December 31, 2023	-	-	2	2

(In thousands of US Dollars)

NOTE 15:- FINANCIAL INSTRUMENTS

a. Classification of financial assets and liabilities:

	December 31,	
	2023	2022
Financial assets at amortized costs:		
Cash and cash equivalents	259	59
Accounts receivable	146	146
Short term deposit	-	15
Long term deposit	127	32
Total Financial assets	532	252
Financial liabilities at amortized costs:		
Trade payables	290	431
Other payables	388	465
Short term and long term loans	402	220
Convertible debentures	1,049	-
Shareholders loan	170	165
Total Financial liabilities	2,299	1,281

	December 31,	
	2023	2022
Financial Assets at fair value:		
Marketable securities	333	-
Financial liabilities at fair value:		
Convertible debentures	214	388
Warrant	2	503
Total Financial liabilities	216	891

b. Financial risk factors:

The Company's activities expose it to various market risks (foreign currency risk, Israeli CPI risk and interest rate risk) and credit risk. The Company's comprehensive risk management plan focuses on activities that reduce to a minimum any possible adverse effects on the Company's financial performance.

NOTE 15:- FINANCIAL INSTRUMENTS (Cont.)

Risk management is performed by the Company's Board. The Board identifies, measures and manages financial risks in collaboration with the Company's operating units.

The Board establishes documented objectives for the overall risk management activities as well as specific policies with respect to certain exposures to risks such as exchange rate risk, interest rate risk, credit risk, the use of non-derivative financial instruments and the investments of excess liquid positions.

Foreign currency risk:

The Company's foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in a foreign currency. The Company's subsidiary operates in Israel and has certain monetary financial instruments denominated in New Israeli Shekel and U.S dollars. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

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

Trade receivables, other receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 19% of the Company's revenue (2022: 18%) is attributable to sales transactions with a single customer. However, there is no concentration of credit risk.

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

c. Interest rate risk:

The Company monitors the risk to a shortage of funds using a liquidity planning tool.
Company's interest rate risk derives from Company's bank loan which carried at variable rate (Prime+5.1 percent). According to management assessment, the above risk considers immaterial.

(In thousands of US Dollars)

NOTE 15:- FINANCIAL INSTRUMENTS (Cont.)

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

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

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments):

December 31, 2023:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Trade payables	290	-	-	-	-	290
Other payables	387	-	-	-	-	387
Bank and other loans	92	94	96	103	17	402
Lease	83	83	83	83	83	415
Convertible debentures	1,353	-	-	-	-	1,353
Shareholders loan	-	170	-	-	-	170
	2,206	347	179	186	100	3,018

December 31, 2022:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Trade payables	431	-	-	-	-	431
Other payables	465	-	-	-	-	465
Bank and other loans	207	10	3	-	-	220
Lease	43	85	85	85	85	383
Convertible debentures	388	-	-	-	-	388
Shareholders loan	-	165	-	-	-	165
	1,534	260	88	85	85	2,052

d. Currency risk:

The Company’s operations are denominated in CAD and the Company’s subsidiary operations are denominated in NIS. Since most of the company's financial instruments are dominated in NIS there is a limited exposure to currency risk.

(In thousands of US Dollars)

NOTE 15:- FINANCIAL INSTRUMENTS (Cont.)

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

NOTE 16:- BANK LOANS

	Effective interest Rate	December 31, 2023	December 31, 2022
Long-term loans from banking institutions	Prime+1.50-5.1	402	107
Less current liabilities for long-term loans		92	94
Total Long-term loans		310	13
Short-term loan from banking institutions		-	113
current liabilities for long-term loans		92	94
Total Short-term loans		92	207
Due dates for long-term loans			
Current maturities		92	94
Second year		94	10
Third year		96	3
Fourth year onwards		120	-
Total		402	107

(In thousands of US Dollars)

NOTE 17:- CONVERTIBLE DEBENTURES

A summary of changes in convertible debentures issued by the Company during the year ended December 31, 2023 is as follows

	Convertible Debentures
Balance as of January 1, 2022	-
Issuance of convertible debentures	391
Change in fair value	19
Translation adjustments	(22)
Convertible debentures as of December 31, 2022	388
Convertible debentures as of January 1, 2023	388
Issuance of convertible debentures	1,008
Convertible debt option reserve	(61)
Amortization	121
Change in fair value	(7)
Repayment of convertible debentures	(207)
Translation adjustments	21
Convertible debentures as of December 31, 2023	1,263

a. On April 5, 2023, as part of the securities exchange agreement (see Note 19) the Company completed a non-brokered private placement of 8% subordinated secured convertible debentures for gross proceeds of CAD$1,500 thousands. The Convertible Debentures accrue interest at a rate of 8% per annum, mature on October 4, 2024, and are convertible at the option of the holder, at any time from the date of issuance thereof and prior to the Maturity Date, into one common share of the Company at a conversion price of CAD$0.05 in the first year and CAD$0.10 thereafter. In connection with the Convertible Debenture Financing, an advisor received a cash commission of CAD$150 thousands. As part of the agreement the Company pledged all of its assets against the convertible debenture.

   The financial liability as of December 31, 2023 amounted to $1,049. The amount was recorded at amortized cost. Initial value was based on a valuation performed by an independent third-party appraiser as of the date of the transaction. An amount of $61 was recorded as a convertible debt option reserve under the equity section.

b. On July 29, 2022, as part of the business combination transaction, the Company completed a non-brokered private placement of 12% subordinated unsecured convertible debentures for gross proceeds of CAD$500 thousands. The Convertible Debentures accrue interest at a rate of 12% per annum, mature on August 29, 2023 and are convertible at the option of the holder, at any time following the date that is one month from

NOTE 17:- CONVERTIBLE DEBENTURES (Cont.)

the date of issuance thereof and prior to the Maturity Date, into units of the Company at a conversion price of CAD$0.12. Each such unit will be comprised of one Common Share and one common share purchase warrant of the Company, exercisable at a price of CAD$0.18 per share for a period of 24 months from the date of conversion. In connection with the Convertible Debenture Financing, an advisor received a cash commission of CAD$50 thousands.

On August 28, 2023 some of the convertible debentures holders who hold the amount of CAD$290 thousands chose to extend the term of the debentures who will mature on August 29, 2024 and can be converted at a reduced conversion price of $0.05.

The financial liability as of December 31, 2023 amounted to $214 ($388 as of December 31, 2022). The change in fair value during the year effect as an income of $7 which was recorded in the consolidated statements of comprehensive loss. The amount was recorded at fair value according to a valuation performed by an independent third-party appraiser.

NOTE 18:- SHAREHOLDERS LOAN

Based on the loan terms which are minimal interest allowed according to Israeli tax rules and repayment of the loan once the Company reaches an annual gross profit of NIS 10 million (according to its audited annual financial statements), the Company classified the loans as a non-current liability and measured it in accordance with IFRS 9 financial instruments at the amount payable on demand i.e. the PAR value plus any accrued interest or CPI exchange differences, respectively.
Subsequent to inception, the Company accounts for any difference between a market interest rate for such loans and the denominated interest as an equity contribution. For the year ended December 31, 2023, the Company recorded an amount of $10 ($11 in 2022) to account for the equity contribution.

NOTE 19:- EQUITY

Authorized

Unlimited number of common shares without par value.

Issued

As at December 31, 2023, 369,425,454 (December 31, 2022 -147,317,644) common shares were issued and outstanding.

During the year ended December 31, 2023

NOTE 19:- EQUITY (Cont.)

On February 27, 2023 the Company issued 2,779,150 of its common shares to 3 advisors for services provided, fair value of the shares was CAD $0.04048 and an expense of $83 (CAD $112) was recorded.

On March 31, 2023 the Company signed a securities exchange and convertible debenture private placement agreements with Save Foods, Inc. ("SFI"), a company traded on the Nasdaq Capital Market. On April 5, 2023 the Company issued 30,004,439 common shares to SFI following the share exchange agreement which represented 19.99% of the issued and outstanding capital stock of the Company immediately prior to closing (and 16.66% of the issued and outstanding capital stock of the Company immediately following the closing) and received in consideration for that 1,164,374 common shares of SFI which represented 19.99% of the issued and outstanding capital stock of SFI immediately prior to closing (and 16.66% of the issued and outstanding capital stock of SFI immediately following the closing). The Company also issued 2,150,217 common shares to a third party as finder fees and the amount of $80 was recorded against additional paid in capital.

On May 30, 2023 the Company issued 1,304,347 of its common shares to 3 advisors for services provided, fair value of the shares was CAD $0.08625 and an expense of $83 (CAD $112) was recorded.

On September 1, 2023 the Company amended agreements with two advisors in regards to the compensation to be paid to them to be in cash instead of common shares.

On September 6, 2023 the Company issued 440,190 of its common shares to an advisor for services provided, fair value of the shares was CAD $0.0511 and an expense of $16 (CAD $22) was recorded.

On September 18, 2023 the Company announced that it closed a rights offering in which shareholders of its common shares purchased 183,555,707 Common Shares at a subscription price of CAD $0.01 per Common Share. All Rights were exercised which resulted in a raise of gross proceeds of CAD $1,836 thousands.

On November 30, 2023 the Company issued 1,873,850 of its common shares to 2 advisors for services provided, fair value of the shares was CAD $0.024 and an expense of CAD $45 thousands was recorded.

During the year ended December 31, 2022

On July 29, 2022, as part of the reverse takeover as described in note 4, the Company issued 101,565,783 of its common shares to the former shareholders of POB in exchange for all of the issued and outstanding shares of POB. Total 5,100,000 shares were retained by the former shareholders of the Company.

On July 29, 2022, as part of the business combination transaction, the Company issued 30,500,000 of its common shares and 30,500,000 share purchase warrants for aggregate gross proceeds of CAD $3,583 thousands and against a debt settlement of CAD $77 thousands.

The Company recorded a share purchase warrants reserve of $1,419 based on the Black-Scholes option pricing model and the following input assumptions:

(In thousands of US Dollars)

NOTE 19:- EQUITY (Cont.)

Weighted average fair value of warrants issued on July 29, 2022	CAD $ 0.05955
Risk-free interest rate	2.96%
Estimated life	2 years
Expected volatility	112.05%
Expected dividend yield	0%

On July 29, 2022, as part of the business combination transaction, the Company issued 5,078,289 of its common shares for finder's fees and 3,732,292 of its common shares as corporate finance fee.

On November 25, 2022, the Company issued 1,341,280 of its common shares to 2 advisors for services provided, fair value of the shares was CAD $0.0671 and an expense of CAD $90 thousands was recorded.

Stock Options

On December 12, 2022 the Company adopted an Omnibus equity incentive plan providing for the grant of stock options, RSU's, DSU's and PSU's to the Company's officers, directors, employees and consultants. Under the Omnibus equity incentive plan, the Company may grant stock options to purchase up to 10% of the issued and outstanding shares of the Company and may grant up to 14,597,636 DSU's, RSU's and PSU's.

The exercise price of these stock options is not less than the Company's closing market price on the day prior to the grant of the stock options less the applicable discount permitted by the TSXV. Options granted may not exceed a term of five years. There is no minimum vesting period for the stock options.
Minimum vesting period for RSU's is 1 year.

On February 26, 2023 the Company granted 411,666 stock options to service providers, the stock options were fully vested with an exercise price of CAD $0.12.

On February 26, 2023 the Company granted 60,000 stock options to service providers, the stock options were fully vested with an exercise price of CAD $0.22.

On March 20, 2023 the Company granted 4,900,000 stock options to Directors, Officers and Employees of the Company, the stock options vesting was 1/3 after 1 year and then 1/12 every 3 months with an exercise price of CAD $0.12.

On September 1, 2023 the Company granted 2,000,000 stock options to its C.E.O., the stock options vesting was a 1/4 every 3 months with an exercise price of CAD $0.035.

On September 14, 2023 the Company granted 6,900,000 stock options to Director and Officers of the Company, the stock options vesting was a 1/4 every 3 months with an exercise price of CAD $0.035.

As at December 31, 2023, the Company had the following stock options outstanding:

(In thousands of US Dollars)

NOTE 19:- EQUITY (Cont.)

	Number of Stock options	Weighted average exercise price CAD$
Outstanding and Exercisable, January 1, 2022	400,000*	0.10
Granted during 2022	-	-
Outstanding and Exercisable, December 31, 2022	400,000	0.10
Granted during the period	14,271,666	0.07
Outstanding at December 31, 2023	**14,671,666**	**0.07**
Exercisable at December 31, 2023	**871,666**	**0.12**

*these stock options were issued to Antalis shareholders before the RTO in previous years

Additional information regarding stock options outstanding as of December 31, 2023, is as follows:

Outstanding				**Exercisable**		
Number of stock options	**Weighted average remaining contractual life (years)**	**Weighted Average Exercise Price (CAD$)**		**Number of stock options**	**Weighted Average Exercise Price (CAD$)**	
400,000	5.96	$	0.10	400,000	$	0.10
60,000	4.17	$	0.22	60,000	$	0.22
411,666	4.17	$	0.12	411,666	$	0.12
4,900,000	4.25	$	0.12	-	$	-
8,900,000	4.67	$	0.035	-	$	-
14,671,666	4.55	$	0.07	871,666	$	0.12

During the year ended December 31, 2023, the Company recorded $126 ($Nil in 2022) in share-based payment expense.

(In thousands of US Dollars)

NOTE 19:- EQUITY (Cont.)

Details of the fair value of options granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	December 31, 2023
Weighted average fair value of options granted	CAD $ 0.028
Risk-free interest rate	3.59 %
Estimated life (in years)	5
Expected volatility	159.77%
Expected dividend yield	0%

RSU's

On February 26, 2023 the Company issued 750,000 RSU's to Directors of the Company, the RSU's vest after 1 year.

On March 20, 2023 the Company issued to directors and employees of the Company 1,000,000 RSU's, the RSU's vest after 1 year.

.

On September 1, 2023 the Company issued to its C.E.O. 1,000,000 RSU's, the RSU's vest after 1 year.

On September 14, 2023 the Company issued to directors and employees of the Company 3,450,000 RSU's, the RSU's vest after 1 year.

During the year ended December 31, 2023, the Company recorded $45 ($Nil in 2022) in share-based payment expense.

NOTE 20:- TAXES ON INCOME

a. Corporate tax rates:
   The Canadian corporate tax rate in 2023 and 2022 was 27%.
   The Israeli corporate tax rate in 2023 and 2022 was 23%.

b. Net Operating Loss carry forward:

   As of December 31, 2023, the Company had approximately $8,859 (As of December 31, 2022 - $6,432) net-operating-loss carry forwards. No deferred taxes were recorded against carry forward losses. There is no expiry date for these losses.

c. Final tax assessments:
   The Company has not received final tax assessments since inception.

d. Deferred taxes:
   The Company did not recognize deferred tax assets for carryforwards losses and other temporary differences because their utilization in the foreseeable future is not probable.

(In thousands of US Dollars)

NOTE 20:- TAXES ON INCOME (Cont.)

e. Current taxes:

The Company did not record any current taxes for the years ended December 31, 2023 and 2022 as it is still incurring losses on an ongoing basis.

f. Reconciliation of statutory tax rate to Company's effective tax rate:

	Year ended December 31, 2023	Year ended December 31, 2022
Loss before income taxes	(2,427)	(4,670)
Theoretical tax at applicable statutory tax rate (27%)	(655)	(1,261)
Difference due to different statutory tax rate in subsidiary	(3)	94
Deferred tax asset that cannot be recognized due to uncertainty	658	1,167
Income tax expenses	-	-

NOTE 21:- CONTINGENCIES AND COMMITMENTS

a. The Company received funding from the Israeli Innovation Authority ("IIA", previously known as Officer of Chief Scientist - OCS) for its participation in research and development costs, based on budgets approved by the IIA, subject to the fulfillment of specified milestones.
Companies are committed to pay royalties to the IIA on proceeds from sale of products in the research and development of which the IIA participates by way of grants. According to the funding terms, royalties between 3% and 4.5% are payable on sales of developed products funded, up to 100% of the grant received by the Companies, indexed to the U.S. dollar and bearing interest. Until December 31, 2023, the interest was calculated at a rate based on annual application of the London Interbank Offered Rate, or the LIBOR, applicable to U.S. dollar deposits, however, pursuant to the latest IIA regulations, as of January 1, 2024, IIA grants received after June 30, 2017, shall bear interest calculated at a rate based on an annual application of the SOFR, or an alternative rate published by the Bank of Israel, plus approximately 0.72% indexed to the dollar including accrued interest at the SOFR rate. As of December 31, 2023, the Company received since inception grants amounting to USD 60.

The Company received the IIA grant according to the MOFET program in the manufacturing industry. According to the program, the Company may be exempted from royalty payments if it fullfills certain conditions. The Company believes that it meets the necessary conditions and is not obligated to pay royalties on its products.

b. To secure bank loan (see also Note 16), the Company pledged its short term and long term deposits in bank Leumi and Bank Mizrahi.

(In thousands of US Dollars)

NOTE 22:- SALES

	Year ended December 31,	
	2023	2022
Sales from major costumers, each above 10%:		
Customer A	113	-
Customer B	112	66
	324	159

	Year ended December 31,	
	2023	2022
Geographical segmentation of revenue:		
Sales made to Israel	357	308
Sales made to Europe	132	-
Sales made to the United States	115	66
	604	374

NOTE 23:- COST OF SALES

	Year ended December 31,	
	2023	2022
Labor	223	161
Materials	238	167
Packaging	67	72
Depreciation	90	82
Manufacturing	60	46
SubTotal	678	528
Change in inventory	(3)	(51)
Total	675	477

NOTE 24:- RESEARCH AND DEVELOPMENT EXPENSES

	Year ended December 31,	
	2023	2022
Salaries and related expenses	36	41
Total	36	41

(In thousands of US Dollars)

NOTE 25:- SELLING, MARKETING AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2023	**2022**
Salaries and related expenses	577	613
Delivery	66	49
Professional services	786	427
Filing fees and transfer agent	67	-
Investor Relations and Market maker	73	-
Share based compensation	171	-
Insurance	35	30
Car maintenance	23	28
Marketing	51	16
Depreciation	102	84
Office maintenance	73	78
Other	31	28
	2,055	1,353

NOTE 26:- FINANCIAL EXPENSES

	Year ended December 31,	
	2023	**2022**
Financial expense:		
Warrants fair value revaluation	-	422
Interest on convertible debentures	184	19
Interest on lease	25	29
Bank loan interest	35	12
Interest on shareholders loan	10	11
Exchange rate differences	6	43
Other financial expenses	8	7
Total	268	543
Financial income:		
Warrants fair value revaluation	501	-
	501	-

NOTE 27:- LISTING EXPENSES

	Year ended December 31, 2023	Year ended December 31, 2022
Issuance of shares and stock options to Antalis former shareholders	-	593
Issuance of shares to finders	-	826
Cash paid to finders	-	286
Professional Services	-	756
Interest paid on convertible debentures	-	169
Total	-	2,630

NOTE 28:- LOSS PER SHARE

	Year ended December 31, 2023		Year ended December 31, 2022	
	Weighted number of shares	Loss (in thousands)	Weighted number of shares	Loss (in thousands)
Number of shares and loss used in the computation of basic and diluted loss per share	226,855,766	2,427	120,557,361	4,670

NOTE 29:- OPERATING SEGMENTS

The company operates as one reportable segment which is engaged in the development production and marketing of plant based foods.

Company's place of resident is in Canada and its revenues are derived from Israel, Europe and the United States.

1. Entity wide disclosures:

	For the year ended December 31, External revenue by location of customers	
	2023	2022
Europe	132	-
Israel	357	308
United States	115	66
	604	374

(In thousands of US Dollars)

NOTE 29:- OPERATING SEGMENTS (Cont.)

2. Additional information about revenues:

   For additional information for a single customer from which revenues amount to 10% or more of total revenues reported in the financial statements refer to Note 22.

NOTE 30:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Key management personnel compensation

Key management personnel compensation and directors fee comprised the following:

	Year ended December 31,	
	2023	**2022**
Salary and related expenses (CEO, COO and VP Product Development of POB)	386	362
Professional services (CEO and CFO)	97	165
Interest expenses (CEO, COO and VP Product Development of POB)	10	11
Share Based Compensation (Directors and Officers)		156
-		

Balance with related parties:

	December 31, 2023	December 31, 2022
Trade payables (CEO and CFO)	25	68
Other payables (CEO, COO and VP Product Development of POB)	164	124
Shareholders loan (CEO, COO and VP Product Development of POB)	170	165

NOTE 31: SUBSEQUENT EVENTS

1. On February 2, 2024 the Company issued a promissory note to YA II PN, Ltd in the principal amount of US$400,000 (CAD $530,000). The Note matures on February 2, 2025 and bears interest at an annual rate of 12% and payable on maturity.

2. On March 5, 2024 the Company issued 3,811,292 of its common shares to 2 advisors for services provided, fair value of the shares was CAD $0.012 and an expense of CAD $45,000 was incurred.

3. On March 14, 2024 the Company announced that its board of directors approved plans to uplist to Nasdaq Stock Market LLC.

4. On March 27, 2024 the Company announced a non-brokered private placement offering of up to 50,000,000 common shares at a price of $CAD 0.01 per common share.