MANAGEMENT'S DISCUSSION AND ANALYSIS OF PLANTIFY FOODS, INC. FOR THE YEAR ENDED DECEMBER 31, 2023

This annual management's discussion and analysis ("MD&A"), prepared as of March 28, 2024, should be read in conjunction with the audited financial statements as at and for the year ended December 31, 2023, and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") (collectively referred to as the "Financial Statements"). All amounts are stated in U.S. dollars ("USD" or "$") unless otherwise indicated. Additional information on the Company can be viewed at www.plantifyfoods.com.

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

COMPANY OVERVIEW

Plantify Foods, Inc. (the "Company" or "Plantify") is a Canadian-based food 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 sale of plant-based food products out of its subsidiary's factory located in Kibbutz Gonen, Israel.

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

In addition, the Company is embarking upon R&D into functional foods, with a goal of developing food products that have the ability to treat and even prevent certain chronic illnesses, which supports the Company's core values and reinforces its mission to foster a more sustainable and healthier world through delicious and nutritious foods.

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

Plantify intends to engage in a market expansion strategy for the North American foods market. Plantify is working towards providing both private-label and branded products through leading food brands and grocery retailers in North America.

Its facilities currently have a production capacity of approximately 176,000 kg per month.

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

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

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

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

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

SELECTED ANNUAL INFORMATION	**Year ended December 31, 2023 (USD in thousands)**	**Year ended December 31, 2022 (USD in thousands)**	**Year ended December 31, 2021 (USD in thousands)**
Sales	604	374	472
Cost of sales	(675)	(477)	(452)
Research and development expenses	(36)	(41)	(53)
Selling, marketing and administrative expenses	(2,055)	(1,353)	(1,138)
Finance income	501	-	107
Finance expenses	(268)	(543)	(30)
Listing expenses	-	(2,630)	-
Loss from marketable securities	(498)	-	-
Net loss	**(2,427)**	**(4,670)**	**(1,094)**
Items that will not be reclassified to income:			
Foreign currency translation differences	(36)	47	(1)
Net comprehensive loss	**(2,463)**	**(4,623)**	**(1,095)**
Total assets	2,387	1,893	803
Total current liabilities	2,094	2,010	1,036
Total non current liabilities	974	748	287
Total shareholders’ deficit	(681)	(865)	(520)
Basic and diluted loss per share	(0.01)	(0.04)	(0.16)

Year ended December 31, 2023 compared to Year ended December 31, 2022

Sales for the year ended December 31, 2023 were $604,000, an increase of $230,000, or approximately 61%, compared to $374,000 for the year ended December 31, 2022. The increase is mainly due to a $132,000 increase in the Company’s sales in Europe and a $47,000 increase in the sales in the US market to Kayco, a leading food distributor in the U.S.

Cost of sales for the year ended December 31, 2023 were $675,000, an increase of $198,000, or approximately 42%, compared to $477,000 for the year ended December 31, 2022. The increase is primarily due to the increased volume of sales and to an increase in fixed costs related to the new manufacturing facility which was commission in March 2022.

The following table summarizes the Company's cost of sales expenditures in the year ended December 31, 2023 compared to 2022:

	Year ended December 31, US$ in thousands	
	2023	2022
Labor	223	161
Materials	235	167
Packaging	67	72
Manufacturing	150	77
Total	675	477

Research and development expenses for the year ended December 31, 2023 were $36,000 a decrease of $5,000 or 12%, compared to $41,000 for the year ended December 31, 2022. The decrease is primarily due to the completion of the R&D project with IIA (Israeli Innovation Authority) which was conducted mainly during 2021 and 2022.

The following table summarizes the Company's research and development expenditures in the year ended December 31, 2023 compared to 2022:

	Year ended December 31, US$ in thousands	
	2023	2022
Salaries and related expenses	36	41
IIA participation	-	-
Total	36	41

Selling, general and administrative expenses were $2,055,000 for year ended December 31, 2023, an increase of $702,000, or approximately 52%, compared to $1,353,000 for the year ended December 31, 2022. The increase is primarily related to a $359,000 increase in professional services and $171,000 in share based compensation.

The following table summarizes the Company's general administration expenditures in the year ended December 31, 2023 and 2022:

	Year ended December 31, US$ in thousands	
	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
Total	2,055	1,353

Financial income for the year ended December 31, 2023 of $501,000 saw an increase of $501,000 or 100%, compared to $Nil for the year ended December 31, 2022. The increase in financial income was mainly due to the warrants fair value revaluation which resulted in a gain of $501,000 in 2023 and a loss of $422,000 in 2022.

Financial expenses for the year ended December 31, 2023 were $268,000 a decrease of $275,000 or 51%, compared to $543,000 for the year ended December 31, 2022. The decrease in financial expense was mainly due to the to the warrants fair value revaluation which resulted in a gain of $501,000 in 2023 and a loss of $422,000 in 2022.

Net loss for the year ended December 31, 2023 was $2,427,000 compared with a net loss of $4,670,000 for the year ended December 31, 2022. The decrease in net loss for the year ended December 31, 2023 was primarily attributable to a $2,630,000 listing expenses due to the company's RTO and listing on the TSXV which was incurred in 2022.

Three-month period ended December 31, 2023 compared to three-month period ended on December 31, 2022

Sales for the three-month period ended December 31, 2023 were $163,000, an increase of $72,000, or approximately 79%, compared to $91,000 for the three-month period ended December 31, 2022. The increase is mainly due to a $56,000 increase in the Company's sales in the US market to Kayco, a leading food distributor in the U.S.

Cost of sales for the three-month period ended December 31, 2023 were $164,000, an increase of $15,000, or approximately 10%, compared to $149,000 for the three-month period ended December 31, 2022. The increase is primarily due to the increase in sales for this period.

The following table summarizes the Company's cost of sales expenditures in the three-month period ended December 31, 2023 compared to 2022:

	Three month ended December 31,	
	US$ in thousands	
	2023	**2022**
Labor	49	35
Materials	52	45
Packaging	28	18
Manufacturing	35	51
Total	164	149

Research and development expenses for the three-month period ended December 31, 2023 were $8,000 a decrease of $3,000 or 27%, compared to $11,000 for the three-month period ended on December 31, 2022. The decrease is primarily due to the completion of the R&D project with IIA (Israeli Innovation Authority) which was conducted mainly during 2021 and 2022.

The following table summarizes the Company's research and development expenditures in the three-month period ended December 31, 2023 compared to 2022:

	Three month ended December 31,	
	US$ in thousands	
	2023	**2022**

Salaries and related expenses	8	11
IIA participation	-	-
Total	8	11

Selling, general and administrative expenses were $691,000 for three-month period ended December 31, 2023, an increase of $591,000, or approximately 591%, compared to $100,000 for the three-month period ended December 31, 2022. The increase is primarily related to $409,000 in professional services that were listed previously under listing expenses instead of general and administrative expenses as well as an increase of $156,000 in share based compensation.

The following table summarizes the Company's general administration expenditures in the three-month period ended December 31, 2023 and 2022:

	Three month ended December 31, US$ in thousands	
	2023	2022
Salaries and related expenses	55	136
Delivery	19	14
Professional services	264	(145)
Car maintenance	5	5
Filing fees and transfer agent	67	-
Investor Relations and Market maker	73	-
Share based compensation	156	-
Marketing	6	10
Depreciation	20	40
Office maintenance	15	22
Other	11	18
Total	691	100

Financial income for the three-month period ended December 31, 2023 were $44,000 an increase of $44,000 or 100%, compared to $Nil for the three-month period ended December 31, 2022. The increase in financial income was mainly due to the warrants fair value revaluation which resulted in a gain in 2023 and a loss in 2022.

Financial expenses for the three-month period ended December 31, 2023 were $(144,000) a decrease of $140,000, compared to $(4,000) for the three-month period ended December 31, 2022. The decrease in financial expenses was mainly due to the interest on convertible debentures.

Net loss for the three-month period ended December 31, 2023 was $629,000 compared with a net loss of $206,000 for the three-month period ended December 31, 2022. The increase in net loss for the three-month period ended December 31, 2023 was primarily attributable to an increase in selling, marketing and administrative expenses.

SELECTED QUARTERLY INFORMATION (1)(2)

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

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Sales	163	175	117	149	91	151	46	86
Cost of sales	(164)	(192)	(131)	(188)	(149)	(162)	(60)	(106)

Research and development expenses	(8)	(9)	(9)	(10)	(11)	(9)	(10)	(11)
Selling, marketing and administrative expenses	(691)	(610)	(314)	(440)	(100)	(326)	(502)	(425)
Gain (Loss) from marketable securities	22	(94)	(426)	-	-	-	-	-
Finance expenses	144	(186)	(191)	(35)	4	(51)	(475)	(21)
Finance income	44	102	355	-	-	-	-	41
Listing expenses	-	-	-	-	-	(2,630)	-	-
Net loss	(490)	(814)	(599)	(524)	(206)	(3,027)	(1,001)	(436)
Net loss per share	(0.001)	(0.004)	(0.003)	(0.003)	(0.01)	(0.02)	(0.01)	(0.00)

(1) Financial information prepared in accordance with IFRS
(2) Unaudited

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company had cash on hand of $259,000 (December 31, 2022 - $59,000). As at December 31, 2023 the Company had a negative working capital of $1,535,000 (December 31, 2022 – negative working capital of $1,672,000).

The Company has not generated any material revenues and expects to continue to finance itself through raising adequate funds in the foreseeable future. The Company incurred a net loss of $2,427,000 for the year ended December 31, 2023 and $8,859,000 of accumulated deficit since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

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

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

Changes in Cash Flow

During the year ended December 31, 2023, the Company's overall position of cash and cash equivalents increased by $ 236,000 compared to a decrease of $129,000 in the same period in 2022. This increase in cash can be attributed to the following:

a) Cash used in operating activities during the year ended December 31, 2023 was $1,969,000 as compared to net cash used in operating activity of $2,227,000 in the same period in 2022. The decrease in net cash used in operating activities in the year ended December 31, 2023 is mainly due to a decrease in operating loss.

b) Cash used in investing activities during the year ended December 31, 2023 was $165,000 as compared to cash used in investing activities of $844,000 in the same period in 2022. The decrease in net cash used in investing activities is mainly due to a large increase in fixed assets acquisition in 2022.

c) Cash provided by financing activities during the year ended December 31, 2023 was $2,370,000 compared to cash provided by financing activity of $2,942,000 in the same period in 2022. The decrease in net cash provided by financing activities is mainly due to less funds received from issuance of shares and warrants compared to the same period in 2022.

No History of Dividends

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

2023 ACCOMPLISHMENTS – 2024 OUTLOOK

With the commissioning of the new manufacturing facility in 2022, the Company set itself up to alleviate growing pains and ensure an efficient ramp-up of production capabilities to meet the increased demand for its products. This facility can produce upwards of 8,000 Kg of products on a daily basis and is set up to be expandable with the addition of new production lines, where infrastructure has already been built, but new machinery would be required. This has allowed the Company to meet the growing demand for its products and further improve operational efficiencies. The overhead fixed costs remain high, however, they will gradually continue to reduce as production increases.

2023 Accomplishments:

√ R&D expanded product offering to +38 different products across 4 (four) main product categories with the addition of Soups and Salads (which includes Dips, Spreads and Salads);

√ Raised a total of CAD $3.3 million by way of Convertible Debenture and a Rights Offering;

√ Increased sales by 61% when compared to 2022, with total revenue of $604,000 for 2023; and

√ Penetrated new markets securing new customers with the expansion of the product line.

2024 Outlook:

2024 has started off on a strong footing where the Company looks to increase order size or upsell new products to the existing customer base, as well as continue its sales outreach efforts in new markets. The goal for 2024 will be to make a significant push for new sales within the U.S. as a priority, and Europe as a second priority. Both jurisdictions have strong demand for Clean Label products, but the U.S. is currently lacking in supply, and Plantify has the ability to meet this growing demand.

√ New customers (such as Pikante USA, and Label Delice in France among others)

- Expanded sales within the U.S. (significant sales outreach to secure customers of size);
- Targeted sales within Europe (niche product lines that are in high demand where we can provide Clean Label products to meet this demand);
- Continuous improvement initiatives to assess opportunities for cost savings, increasing efficiencies and streamlining the business the Company continues to grow; and
- Application to list on NASDAQ will open up a much larger pool of capital with greater visibility through a listing on one of the largest capital markets in the world. We estimate we will need another $1,000,000 to invest in our operations so our sales can grow and start generating gross profits.

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

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

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

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

Key management personnel compensation

Key management personnel compensation and directors fee comprised the following:

	Year ended December 31,	
	2023	2022
	USD in thousands	
Salary and related expenses (CEO, COO and VP Product Development of POB)	386	362
Professional services (CEO and CFO)	97	165
Share based compensation (Directors and Officers)	156	-
Interest expenses (CEO, COO and VP Product Development of POB)	10	11
Total	649	538

Balance with related parties:

	December 31, 2023	December 31, 2022
	USD in thousands	
Trade payables (CEO and CFO)	25	68
Other payables (CEO, COO and VP Product Development of POB)	164	124
Shareholder's loan (CEO, COO and VP Product Development of POB)	170	165
Total	359	357

Changes in Accounting Policies Including Initial Adoption

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2023, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Financial Instruments and Financial Risk Exposures

(a) Fair Values

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

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

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

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

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

(b) Credit Risk

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

(c) Foreign Exchange Rate and Interest Rate Risk

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

(d) Trade receivables, other receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 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.

(e) Liquidity Risk

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

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

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

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

Disclosure of Outstanding Share Data

Common Shares

Issued & Outstanding as at December 31, 2023	369,425,454
Shares issued to Advisors on March 5, 2024	3,811,292
Total Issued & Outstanding as of March 28, 2024	373,236,746

Convertible Securities	**Exercise Price**	**Expiry Date**	
Stock Options	CAD$0.10	December 16, 2029	400,000
Share Purchase Warrants	CAD$0.18	. July 29, 2024	30,500,000
Share Purchase Warrants	$0.1378	July 29, 2024	16,961,488
Stock Options	CAD$0.12-$0.22	February 26, 2028	471,666
RSU’s			500,000
Stock Options	CAD$0.12	March 20, 2028	3,400,000
RSU’s			500,000
Stock Options	CAD$0.035	September 1, 2028	2,000,000
RSU’s			1,000,000
Stock Options	CAD$0.035	September 14, 2028	6,300,000
RSU’s			3,150,000
Fully Diluted Share Capital			438,419,900

RISKS

Capital and Liquidity Risk

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

Acquisition and Expansion Risk

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

Supply Chain Risk

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

Cybersecurity Incidents and Technological Disruptions Risk

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

Dependence on Key Personnel

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

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

Consumer Trends and Market Position Risk

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

Geopolitical Risk

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

With operations based in Israel and a majority of the board of directors, management, as well as a majority of employees and consultants, including employees of service providers also located in Israel, the business and operations are directly affected by economic, political, geopolitical and military conditions affecting Israel. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its neighboring countries and other hostile non-state actors. These conflicts have involved missile strikes, hostile infiltrations and terrorism against civilian targets in various parts of Israel, which have negatively affected business conditions in Israel.

The commercial insurance for the Company does not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, Plantify cannot make assurances that this government coverage will be maintained or that it will sufficiently cover potential damages. Any losses or damages incurred by the Company could have a material adverse effect on the business.

As a result of the Israeli security cabinet's decision to declare war against Hamas, several hundred thousand Israeli reservists were drafted to perform immediate military service. Certain employees and consultants in Israel, in addition to employees of service providers located in Israel, have been called for service as of the date of this MD&A, and such persons may be absent for an extended period of time. As a result, operations may be disrupted by such absences, which may materially and adversely affect the business and results of operations. Additionally, the absence of employees of Israeli suppliers and contract manufacturers due to their military service in the current war or future wars or other armed conflicts, may disrupt their operations, the Company's ability to deliver products to customers may be materially and adversely affected.

Prior to the Hamas attack in October 2023, the Israeli government pursued extensive changes to Israel's judicial system, which sparked extensive political debate and unrest. In response to such initiative, many individuals, organizations and institutions, both within and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel including due to reluctance of foreign investors to invest or transact business in Israel as well as to increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in security markets, and other changes in macroeconomic conditions. The risk of such negative developments has increased in light of the recent Hamas attacks and the war against Hamas declared by Israel. To the extent that any of these negative developments do occur, they may have an adverse effect on the business, results of operations and the Company's ability to raise additional funds(if deemed necessary by management and the board of directors).

General Business Risk and Liability

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

Going concern

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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