

SECURITIES AND EXCHANGE COMMISSION

FORM 20-F

Annual and transition report of foreign private issuers pursuant to sections 13 or 15(d)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-41408

FEMTO TECHNOLOGIES INC.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada

(Jurisdiction of incorporation or organization)

**7000 Akko Road
Kiryat Motzkin
Israel**

(Address of principal executive offices)

**Gabi Kabazo
2264 East 11th Avenue, Vancouver, B.C.
Canada V5Z 1N6
604-833-6820
gabi@femtocorp.com**

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Subordinate Voting Shares	FMTO	Nasdaq

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or subordinate voting stock as of the close of the period covered by the annual report: 2,926,526

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or a transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer, large accelerated filer” and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards
by the International Accounting Standards Board

Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Table of Contents

GENERAL	1
NOTE REGARDING FORWARD-LOOKING STATEMENTS	5
PART I	5
ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS	5
A. DIRECTORS AND SENIOR MANAGEMENT	5
B. ADVISERS	5
C. AUDITOR	5
ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE	5
A. OFFER STATISTICS	5
B. METHOD AND EXPECTED TIMETABLE	5
ITEM 3 KEY INFORMATION	5
A. SELECTED FINANCIAL DATA	5
B. CAPITALIZATION AND INDEBTEDNESS	5
C. REASONS FOR THE OFFER AND USE OF PROCEEDS	5
D. RISK FACTORS	5

ITEM 4	INFORMATION ON THE COMPANY	20
A.	HISTORY AND DEVELOPMENT OF THE COMPANY	20
B.	BUSINESS OVERVIEW	24
C.	ORGANIZATIONAL STRUCTURE	37
D.	PROPERTY, PLANTS AND EQUIPMENT	37
ITEM 4A	UNRESOLVED STAFF COMMENTS	37
ITEM 5	OPERATING AND FINANCIAL REVIEW AND PROSPECTS	37
A.	OPERATING RESULTS	37
B.	LIQUIDITY AND CAPITAL RESOURCES	39
C.	RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	39
D.	TREND INFORMATION	39
E.	CRITICAL ACCOUNTING ESTIMATES	39
ITEM 6.	DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	40
A.	DIRECTORS AND SENIOR MANAGEMENT	40
B.	COMPENSATION	42
C.	BOARD PRACTICES	45
D.	EMPLOYEES	53
E.	SHARE OWNERSHIP	53
ITEM 7	MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	54
A.	MAJOR SHAREHOLDERS	54
B.	RELATED PARTY TRANSACTIONS	55
C.	INTERESTS OF EXPERTS AND COUNSEL	55
ITEM 8	FINANCIAL INFORMATION	55
A.	CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION	55
B.	SIGNIFICANT CHANGES	56
ITEM 9	THE OFFER AND LISTING	56
A.	OFFER AND LISTING DETAILS	56
B.	PLAN OF DISTRIBUTION	56

C.	MARKETS	56
D.	SELLING SHAREHOLDERS	56
E.	DILUTION	56
F.	EXPENSES OF THE ISSUE	56
ITEM 10	ADDITIONAL INFORMATION	56
A.	SHARE CAPITAL	56
B.	MEMORANDUM AND ARTICLES OF ASSOCIATION	57
C.	MATERIAL CONTRACTS	58
D.	EXCHANGE CONTROLS	59
E.	TAXATION	59
F.	DIVIDENDS AND PAYING AGENTS	70
G.	STATEMENT BY EXPERTS	70
H.	DOCUMENTS ON DISPLAY	70
I.	SUBSIDIARY INFORMATION	70
ITEM 11	QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK	70
ITEM 12	DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	70
PART II		70
ITEM 13	DEFAULTS, DIVIDENDS ARREARAGES AND DELINQUENCIES	70
ITEM 14	MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	71
ITEM 15	CONTROLS AND PROCEDURES	71
ITEM 16	[RESERVED]	71
A.	AUDIT COMMITTEE FINANCIAL EXPERT	71
B.	CODE OF ETHICS	71
C.	PRINCIPAL ACCOUNTANT FEES AND SERVICES	72
D.	EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	72
E.	PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	72
F.	CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	72
G.	CORPORATE GOVERNANCE	73
PART III		74
ITEM 17	FINANCIAL STATEMENTS	74
ITEM 18	FINANCIAL STATEMENTS	74
ITEM 19	EXHIBITS	74

GENERAL

In this Annual Report, references to “we”, “us”, “our”, the “Company”, and “Femto” mean Femto Technologies Inc. (Formerly BYND Cannasoft Enterprises Inc.) and its subsidiaries, unless the context requires otherwise.

We use the Canadian dollar as our reporting currency and our financial statements are prepared in accordance with Canadian generally accepted accounting principles. All monetary references in this document are to Canadian dollars, unless otherwise indicated. All references in this document to “dollars” or “\$” or “CDN\$” mean Canadian dollars, unless otherwise indicated, and references to “US\$” mean United States dollars.

The following table reflects the rates of exchange for one Canadian dollar, expressed in United States dollars, in effect during the periods noted, the average rates of exchange during such periods and the rates of exchange at the end of such periods, based on the Bank of Canada average noon spot rate of exchange.

United States dollar (US\$) per Canadian dollar (\$)	High	Low	Average	End of Period
Year Ended December 31, 2024	0.7510	0.6937	0.7300	0.6950
Year Ended December 31, 2023	0.7617	0.7207	0.7409	0.7561
Year Ended December 31, 2022	0.8031	0.7217	0.7685	0.7383
Year Ended December 31, 2021	0.8306	0.7727	0.7980	0.7888
Year Ended December 31, 2020	0.7863	0.6898	0.7455	0.7854
Year Ended December 31, 2019	0.7699	0.7353	0.7537	0.7699

Except as noted, the information set forth in this Annual Report is as of March 31, 2025 and all information included in this document should only be considered accurate as of such date. Our business, financial condition or results of operations may have changed since that date.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Report:

“**Amalgamation Agreement**” means the amalgamation agreement dated March 21, 2021 between Lincoln and Fundingco respecting the Amalgamation Transaction.

“**Amalgamation Transaction**” means the amalgamation of Lincoln and Fundingco pursuant to Section 275 of the *BCBCA* to form the Company, in accordance with the Amalgamation Agreement.

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

“**Benefit CRM Software**” means the Company’s proprietary CRM software product known as “*Benefit CRM*”.

“**Big Data**” generally refers to: (i) massive amounts of data that keeps growing exponentially with time, (ii) that is so voluminous that it cannot be processed or analyzed using conventional data processing techniques, and (iii) includes data mining, data storage, data analysis, data sharing, and data visualization.

“**Bzizinsky Investments**” means Bzizinsky Investments and Promotions Ltd., an Israeli corporation controlled by Dalia Bzizinsky.

1

“**Business Combination Agreement**” means the business combination agreement dated December 16, 2019 among Lincoln, Fundingco, BYND Israel and the BYND Israel Shareholders (as amended), with respect to the Business Combination Transactions.

“**Business Combination Closing Date**” means March 29, 2021, the closing date of the Business Combination Transactions.

“**Business Combination Transactions**” means collectively, the Amalgamation Transaction and the Share Exchange Transaction.

“**BYBY**” means B.Y.B.Y. Investments and Promotions Ltd., a corporation existing under the laws of the State of Israel and the 74% owned subsidiary of BYND Israel.

“**BYBY Acquisition**” means BYND Israel’s acquisition of its 74% ownership interest in BYBY.

“**BYND Israel**” means BYND – Beyond Solutions Ltd., a corporation existing under the laws of the State of Israel and the 100% owned operating subsidiary of the Company.

“**BYND Israel Shares**” means the common shares in the capital of BYND Israel.

“**BYND Israel Shareholders**” means collectively, Marcel (Moti) Maram, Avner Tal, Yftah Ben Yaackov and Bzizinsky Investments, the holders of BYND Israel Shares, immediately prior to the Share Exchange Transaction.

“**Cannabis Farm**” means the approximately 3.7 acre farm to be established by the Company on the Bzizinsky Land in southern Israel, to grow medical cannabis.

“**Cannasoft Pharma**” means Cannasoft Pharma Holdings Ltd., a corporation existing under the laws of the State of Israel and the 100% owned subsidiary of BYND Israel.

“**CMPR**” means Israeli Government Resolution No. 1587 — Cannabis for Medicinal Purposes and Research, the legislation which sets forth the framework for medical cannabis regulation in Israel.

“**Common Shares**” means the subordinate voting shares of the Company.

“**Consideration Shares**” means the 18,015,883 Subordinate Voting Shares of the Company issued to the BYND Israel Shareholders pursuant to the Share Exchange Transaction.

“**CRM**” means customer relationship management.

“**CSA**” means the Canadian Securities Administrators, umbrella organization of Canada’s provincial and territorial securities regulators whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets.

“**CSE**” means the Canadian Securities Exchange.

“**Customized CRM Software Platform**” means a customized CRM platform that can be developed by clients and resellers using our New CRM Platform.

“**Dangerous Drug Ordinance**” means the Israeli Dangerous Drugs Ordinance New Version 5733-1973 and regulations promulgated thereunder.

“**Distribution Licence**” means a licence, granted by the MCU, to operate medical cannabis storage site and to distribute medical cannabis in Israel.

“**Fundingco**” means 1232986 B.C. Ltd., a company formed pursuant to the *BCBCA*, and a predecessor to the Company.

“**Fundingco Shares**” means the common shares in the capital of Fundingco, prior to the Amalgamation Transaction.

“**GAP**” refers to a *Good Agricultural Practices* certification received from the Israeli Ministry of Health which confirms that an organization meets the agricultural standards for cannabis set forth in the CMPR.

“**GDP**” refers to a *Good Distribution Practices* certification received from the Israeli Ministry of Health which confirms that an organization meets the distribution standards for cannabis set forth in the CMPR.

“**Growing License**” means a licence, granted by the MCU, to operate a farm for growing medical cannabis in Israel.

“**GSP**” refers to a *Good Storage Practices* certification received from the Israeli Ministry of Health which confirms that an organization meets the storage standards for cannabis set forth in the CMPR.

“**IBI Trust Agreement**” means the trust agreement dated March 29, 2021, among the Israeli Trustee, the Company, BYND Israel and the BYND Israel Shareholders, respecting the Consideration Shares and the BYND Israel Shares.

“**IMC-GMP**” refers to a *Good Manufacturing Practices* certification received from the Israeli Ministry of Health which confirms that an organization meets the manufacturing standards for cannabis set forth in the CMPR.

“**Indoor Cannabis Growing Facility**” means the approximately 2,400 square meter indoor facility to be established by the Company on the Bzizinsky Land in southern Israel, to grow medical cannabis.

“**Israeli Cannabis Laws**” means collectively, the Israeli Dangerous Drugs Ordinance together with the directives and guidelines issued from time to time by the MCU, including the CMPR.

“**Israeli Tax Pre-Ruling**” means the ruling obtained by BYND Israel and the BYND Israel Shareholders from the ITA on May 4, 2020, to permit the Share Exchange Transaction to occur on a tax-deferred basis.

“**Israeli Trustee**” means The IBI Trust Management, a trust company located in Israel.

“**ITA**” means the Israeli Tax Authority.

“**Lincoln**” means Lincoln Acquisitions Corp., a company formed pursuant to the *BCBCA*, and a predecessor to the Company.

“**Lincoln Shares**” means the common shares in the capital of Lincoln, prior to the Amalgamation Transaction.

“**Listing**” means the listing of the Subordinate Voting Shares on the CSE.

“**Listing Date**” means the date the Subordinate Voting Shares are first listed for trading on the CSE.

“**Manufacturing Licence**” means a licence, granted by the MCU, to operate a medical cannabis production facility in Israel.

“**Material Adverse Change**” or “**Material Adverse Effect**” means with respect to the Company, BYND Israel or BYBY, as the case may be, any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of the Company, BYND Israel or BYBY, as the case may be, on a consolidated basis.

“**MCU**” means the medical cannabis unit established by the Israeli Ministry of Health and which is responsible for the regulation of cannabis for medical use and research purposes.

“**New Cannabis CRM Platform**” means the Company’s CRM software platform which is being developed specifically for the medical cannabis sector.

“**New CRM Platform**” means the Company’s next generation, cloud based version of its Benefit CRM Software which is currently under development.

“**NI 41-101**” means CSA National Instrument 41-101 – *General Prospectus Requirements*.

“**NI 52-110**” means CSA National Instrument 52-110 – *Audit Committees*.

“**NI 58-101**” means CSA National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

“**NIS**” means New Israeli Shekels.

“**NP 58-201**” means CSA National Policy 58-201 - *Corporate Governance Guidelines*.

“**Pharmacy Licence**” means a licence, granted by the MCU, to operate a pharmacy which dispenses medical cannabis in Israel.

“**Primary Growing Licence**” means the Initial Authorization for Establishing a Site for Dealing with a Controlled Substance granted by the MCU to Dalia Bzizinsky and subsequently to be transferred to BYBY.

“**Principals**” means collectively, each person who is a “principal” within the meaning ascribed thereto in NI 46-201.

“**Propagation Licence**” means a licence, granted by the MCU, to operate a medical cannabis propagation facility in Israel.

“**Share Exchange Transaction**” means the share exchange transaction completed pursuant to the terms of the Business Combination Agreement, whereby the BYND Israel Shareholders transferred 100% of their BYND Israel Shares to the Company, in exchange for the Consideration Shares.

“**SMB**” means small to medium sized business.

“**Stock Option Plan**” or the “**Plan**” means the stock option plan of the Company dated February 27, 2024. See “*Options and Other Rights to Purchase Securities*”.

“**Trust Declaration**” means the trust declaration dated October 1, 2020 made by the Dalia Bzizinsky in favor of BYND Israel which provides *inter alia* that, Dalia Bzizinsky is holding her 26% ownership interest in BYBY as bare trustee for BYND Israel.

EMERGING GROWTH COMPANY STATUS

We qualify as an “emerging growth company,” as defined in the U.S. Jumpstart Our Business Startups Act of 2012, or JOBS Act, and we may take advantage of certain exemptions, including exemptions from various reporting requirements that are otherwise applicable to public traded entities that do not qualify as emerging growth companies. These exemptions include:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act; and
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis).

Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, for complying with new or revised accounting standards. This means that an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Given that we currently report and expect to continue to report our financial results under IFRS as issued by the IASB, we will not be able to avail ourselves of this extended

transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required by the IASB.

We will remain an emerging growth company until the earliest of: (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1.235 billion; (ii) the last day of the fiscal year following the fifth anniversary of the date of our initial public offering; (iii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the aggregate worldwide market value of our Subordinate Voting shares, including Subordinate Voting shares represented by warrants, held by non-affiliates is at least \$700 million as of the last business day of our most recently completed second fiscal quarter; or (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during any three-year period.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Much of the information included in this Annual Report is based upon estimates, projections or other “forward-looking statements”. Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. These statements relate to future events or our future financial performance. In some cases you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of those terms or other comparable terminology. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Such estimates, projections or other forward-looking statements involve various risks and uncertainties and other factors, including the risks in the section titled “Risk Factors” below, which may cause our actual results, levels of activities, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. We caution the reader that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform those statements to actual results.

PART I

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

A. *Directors and senior management.*

Not applicable.

B. *Advisors.*

Not applicable

C. *Auditors.*

Not applicable.

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

A. *Offer Statistics*

Not applicable.

B. *Method and Expected Timetable*

Not applicable.

ITEM 3 KEY INFORMATION

A. **[Reserved]**

B. *Capitalization and Indebtedness*

Not applicable.

C. *Reasons for the Offer and Use of Proceeds*

Not Applicable.

D. *Risk Factors*

This section describes some of the risks and uncertainties faced by us. An investment in our Company involves a high degree of risk. You should carefully consider the risks described below and the risks described elsewhere in this Annual Report when making an investment decision related to our Company. We believe the risk factors summarized below are most relevant to our business. These are factors that, individually or in the aggregate, could cause our actual results to differ significantly from anticipated or historical results. The occurrence of any of the risks could harm our business and cause you to lose all or part of your investment. However, you should understand that it is not possible to predict or identify all such factors. The risks and uncertainties

described and discussed below and elsewhere in this Annual Report are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occurs, our business, financial condition and results of operations would suffer. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See the discussion under the heading “Cautionary Note Regarding Forward-Looking Statements” at the beginning of this Annual Report for more detail.

Except as required by law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise.

Risks Related to the Israel-Hamas War

Our operations are conducted in Israel. Conditions in Israel, including the recent attack by Hamas and other terrorist organizations and Israel’s war against them, may affect our operations.

Our headquarters and operations are located in the State of Israel. In addition, our key employees and officers, including our chief executive officer, are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business.

Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel, could affect adversely our operations. Ongoing and revived hostilities or other Israeli political or economic factors could harm our operations, product development and results of operations.

On October 7, 2023, an unprecedented attack was launched against Israel by terrorists from the Hamas terrorist organization that infiltrated Israel’s southern border from the Gaza Strip and in other areas within the state of Israel attacking civilians and military targets while simultaneously launching massive rocket attacks on the Israeli population. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. In response, the Security Cabinet of the State of Israel declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks. To date, the State of Israel continues to be at war with Hamas.

Since the war broke out on October 7, 2023, our operations have not been adversely affected by this situation, and we have not experienced disruptions in our operations or facilities. However, at this time, it is not possible to predict the intensity or duration of the war, nor can we predict how this war will ultimately affect Israel’s economy in general and we continue to monitor the situation closely and examine the potential disruptions that could adversely affect our operations.

In connection with the Israeli security cabinet’s declaration of war against Hamas and possible hostilities with other organizations, several hundred thousand Israeli military reservists were drafted to perform immediate military service. While none of our employees in Israel have been called to active military duty, we rely on service providers located in Israel and have entered into certain agreements with Israeli counterparties. Employees of such service providers or contractual counterparties may be called for service in the current or future wars or other armed conflicts with Hamas and such persons may be absent from their positions for a period of time.

Following the attack by Hamas on Israel’s southern border, Hezbollah, a terrorist organization in Lebanon has also launched missile, rocket, and shooting attacks against Israeli military sites, troops, and Israeli towns in northern Israel. In response to these attacks, the Israeli army has carried out a number of targeted strikes on sites belonging to Hezbollah in southern Lebanon. It is possible that other terrorist organizations, including Palestinian military organizations in the West Bank, as well as other hostile countries, such as Iran, will join the hostilities. Such hostilities may include terror and missile attacks. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. Our insurance policies do 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, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies, whether as a result of hostilities in the region or otherwise. In addition, there have been increased efforts by activists to cause companies, research institutions and consumers to boycott Israeli goods and cooperation with Israeli-related entities based on Israeli government policies. Such actions, particularly if they become more widespread, may adversely impact our ability to cooperate with third parties. Any hostilities involving Israel, any interruption or curtailment of trade or scientific cooperation between Israel and its present partners, or a significant downturn in the economic or financial condition of Israel could adversely affect our business, financial condition and results of operations. We may also be targeted by cyber terrorists specifically because we may be perceived as an Israeli-related company.

Due to the continuing war status that broke out in the Gaza Strip and the difficult security situation in northern Israel, the timetables of the Company’s various projects have been significantly delayed, due to reserve recruitment of employees, consultants and key employees of service providers, various shutdowns in the Israeli economy, a significant delay in shipments from Israel abroad and from abroad to Israel, the cessation of activity of various government institutions for many months. It was also decided to suspend the construction of the planned medical cannabis farm due, in part, to the proximity of the area designated for cultivation to the Gaza Strip.

The Company does not know how long the delays will continue and whether it will be possible to return to full regular activity, and therefore, there has been a delay in the timetables for the development and production of the Sensera Device.

The Company anticipates that if there is no further deterioration in the security situation, it will be possible to return to full operations and launch the product in the second quarter of 2025. In light of all of the above, there will be a significant delay in generating cash flow and income from the Company's operations in 2025.

Risks Related to Ownership of Our Subordinate Voting Shares and Warrants

The exercise prices of outstanding warrants may require further adjustment.

February 2025 Private Placement

On February 28, 2025, the Company completed the transactions contemplated under a securities purchase agreement (the "Purchase Agreement") with institutional investors for the purchase and sale of approximately \$17 million of Subordinate Voting Shares and pre-funded and investor warrants at a price of \$4.17 per Subordinate Voting Unit.

The offering (the "Private Placement") consisted of the sale of Subordinate Voting Units (or Pre-Funded Units), each consisting of (i) one Subordinate Voting Share or Pre-Funded Warrant, (ii) one Series A Warrant to purchase one Subordinate Voting Share per warrant (the "Series A Warrants") and (iii) one Series B Warrant to purchase one Subordinate Voting Share per warrant (the "Series B Warrants"). The offering price per Subordinate Voting Unit was \$4.17 (or \$4.16999 for each Pre-Funded Unit, which is equal to the offering price per Subordinate Voting Unit sold in the offering minus an exercise price of \$0.00001 per Pre-Funded Warrant). The Pre-Funded Warrants are immediately exercisable. The initial exercise price of each Series A Warrant is \$5.21 per Subordinate Voting Share. The Series A Warrants are exercisable immediately and expire 60 months after the Release Date (as defined in the Purchase Agreement) and may be exercised on a cashless basis if there is not then an effective registration covering the resale of the Subordinate Voting Shares underlying the Series A Warrants. The number of securities issuable under the Series A Warrant is subject to adjustment as described in the Series A Warrant. The initial exercise price of each Series B Warrant is \$12.51 per Subordinate Voting Share. They also include an alternative cashless exercise option, allowing the holder to exercise the Series B Warrant at any time and receive three Subordinate Voting Shares for each Subordinate Voting Share then underlying the Series B Warrant without additional consideration. The Series B Warrants are exercisable immediately and expire 30 months after the Release Date. The number of securities issuable under the Series B Warrant is subject to adjustment as described in the Series B Warrant.

Exchange Agreement

Also, on February 26, 2025, the Company entered into an exchange agreement (the "Exchange Agreement") with certain holders of tranches of warrants to purchase Subordinate Voting Shares previously issued by the Company in March 2024 and December 2023 (collectively, the "Old Warrants"). Under the Exchange Agreement, such holders agreed to exchange with the Company some of the outstanding Old Warrants for 2,495,933 new warrants (the "Exchange Warrants") to purchase Subordinate Voting Shares, substantially similar to the Series B Warrants issued in the Private Placement. If the exercise price of the Exchange Warrants are adjusted to the floor of \$0.76, up to 123,253,146 Subordinate Voting Shares would be issuance upon the exercise of the Exchange Warrants. As a result of the Exchange Agreement, Old Warrants that were exchanged were cancelled as of that date.

We completed reverse stock splits on March 22, 2024 and August 26, 2024, in an effort to regain compliance with Nasdaq listing rules and we cannot predict the effect that such reverse stock split or future reverse stock splits will have on the market price for shares of our Subordinate Voting stock.

On January 5, 2024, we were notified by the Nasdaq that the Company no longer meets the \$1 minimum bid price per share requirement. Our board of directors approved a one-for-one hundred ninety (1:190) reverse stock split of our issued and outstanding Subordinate Voting shares, which became effective on March 22, 2024 and a one-for-seventeen (1:17) reverse stock split of our issued and outstanding Subordinate Voting shares, which became effective on August 26, 2024, in order to regain compliance with Nasdaq's minimum bid price rule. We cannot predict the long-term effect that the reverse stock split will have on the market price for our Subordinate Voting shares, and the history of similar reverse stock splits for companies in like circumstances has varied. Some investors may have a negative view of a reverse stock split. Since the effective date of the reverse stock split, the market price of our Subordinate Voting shares has steadily declined. Even if the reverse stock split has a positive long-term effect on the market price for shares of our Subordinate Voting stock, performance of our business and financial results, general economic conditions and the market perception of our business, and other adverse factors which may not be in our control could lead to a decrease in the price of our Subordinate Voting stock following the reverse stock split.

In addition, under the terms of the Purchase Agreement entered into in connection with the Private Placement, the warrants issued in that transaction contain cashless exercise and alternative exercise provisions that are likely to put a great deal of pressure on the market price of the Subordinate Voting Shares. As a result, if we no longer meet the \$1 minimum bid price per share requirement, we may be required under Nasdaq rules to effectuate an additional reverse stock split of our issued and outstanding Subordinate Voting shares.

If the market price of shares of our Subordinate Voting stock continues to fall following past and future reverse stock splits, the percentage decline as an absolute number and as a percentage of our overall market capitalization may be greater than would occur in the absence of the reverse stock split due to decreased liquidity in the market for our Subordinate Voting Shares.

If in the future we fail to meet Nasdaq's \$1 minimum bid price per share requirement, our options of regaining compliance will be extremely limited.

If within two years after the implementation of the reverse stock split, we fail to meet Nasdaq's \$1 minimum bid price per share requirement, we will be limited in our ability to regain compliance since Nasdaq rules prohibit a company's right to implement stock splits over the prior two-year period with a cumulative ratio of 250 shares or more to one. In such event, the Company would be subject to immediate delisting from the Nasdaq.

The Company is a holding company

The Company is a holding company and essentially all of its assets are the capital stock of its subsidiaries. As a result, investors in the Company are subject to the risks attributable to its subsidiaries, Zigi Carmel, BYND Israel, and its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, which generate or are expected to generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

The market price of our Subordinate Voting Shares may be volatile, which could result in substantial losses for investors.

The price of the Subordinate Voting Shares will fluctuate with market conditions and other factors, and it may decline. If a holder of Subordinate Voting Shares sells its Subordinate Voting Shares, the price received may be more or less than the original investment. Some of the factors that may cause the market price of our Subordinate Voting Shares to fluctuate include:

- market perception of the investment opportunity presented by companies in the cannabis business;
- actual or anticipated fluctuations in our quarterly results of operations;

7

- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industries in which we operate;
- addition or departure of our executive officers and other key personnel;
- sales or perceived sales of additional Subordinate Voting Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to us fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

In particular, companies in the cannabis industry have experienced significant volatility in recent years, potentially due to the recentness of public trading of securities of cannabis companies, limited supply of investment opportunities, short-selling activity and rapidly changing regulatory developments. As well, certain institutional investors may base their investment decisions on market perceptions of the cannabis industry or on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Subordinate Voting Shares by those institutions, which could materially adversely affect the trading price of the Subordinate Voting Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of the Subordinate Voting Shares may be materially adversely affected.

Our officers, directors and principal shareholders collectively control, directly or indirectly, approximately 9% of the voting power and interests in our outstanding Subordinate Voting Shares. Subsequent sales of our Subordinate Voting Shares by these shareholders, or the market perception that holders of a large number of Subordinate Voting Shares intend to sell Subordinate Voting Shares, could have the effect of lowering the market price of our Subordinate Voting Shares. Further, the perceived risk associated with the possible sale of a large number of Subordinate Voting Shares by these shareholders, or the adoption of significant short positions by hedge funds or other significant investors, could cause some of our shareholders to sell their Subordinate Voting Shares, thus causing the market price of our Subordinate Voting Shares to decline. In addition, actual or anticipated downward pressure on our stock price due to actual or anticipated sales of Subordinate Voting Shares by our officers, directors or Principal Securityholders could cause other institutions or individuals to engage in short sales of the Subordinate Voting Shares, which may further cause the market price of our Subordinate Voting Shares to decline.

From time to time our directors and executive officers may sell Subordinate Voting Shares on the open market. These sales will be publicly disclosed in filings made with securities regulators. In the future, our directors and executive officers may sell a significant number of Subordinate Voting Shares for a variety of reasons unrelated to the performance of our business. Our shareholders may perceive these sales as a reflection on management's view of the business and result in some shareholders selling their Subordinate Voting Shares. These sales could cause the market price of our Subordinate Voting Shares to decline. Any decline in the market price of Subordinate Voting Shares may also impede our ability to raise additional capital and might cause remaining holders of Subordinate Voting Shares to lose all or part of their investment.

The Company's Chief Executive Officer owns Enhanced Voting Preference Shares allowing him to control approximately 34% of the Company's voting securities.

On September 20, 2024, the Company issued 75,000 Enhanced Voting Preference Shares (4,412 Enhanced Voting Preference Shares post reverse split) (the "Preference Shares") to its Chief Executive Officer. The Preference Shares carry 50 votes per share but are without dividend rights, representing approximately 34% of the issued and outstanding voting securities of the Company at the time of issuance. The Preference Shares will be redeemed and are cancelled automatically upon the earlier to occur of (i) the third anniversary of the date of issuance of the Preference Shares, or (ii) the Chief Executive Officer ceasing to hold office. The creation and issuance of the Preference Shares had been approved by the Company's shareholders at a duly called meeting on August 1, 2024. The Company is in the process of amending the terms of the Preference Shares to add anti-dilution provisions that will maintain the 34% voting control for the life of the Preference Shares.

Therefore, the Company's Chief Executive Officer will have the ability to exercise substantial control over all corporate actions requiring shareholder approval, irrespective of how our other shareholders may vote. This control may include the election and removal of directors, the size of the board of directors, any amendment to the Company's Articles, or the approval of any significant corporate transaction, including a sale of substantially all of our assets. Additionally, the interests of the Company's directors and officers may not align with the interests of the Company's other shareholders.

There are risks associated with the potential dilution of our Subordinate Voting Shares.

The Company will need to raise additional funds for R&D, product development and marketing campaigns and might also, in future, require further additional capital for other purposes, including by issuing equity securities. Such equity securities could contain rights and preferences superior to those of the holders of Subordinate Voting Shares will have no pre-emptive rights in connection with such further issues. The Company's board of directors has the discretion to determine if an issuance of equity securities is warranted, the price at which such issuance is effected and the other terms of issue of any equity securities, including Subordinate Voting Shares or equity securities convertible into Subordinate Voting Shares. To the extent holders of our options or other convertible securities convert or exercise their securities and sell the Subordinate Voting Shares they receive, the trading price of the Subordinate Voting Shares may decrease due to the additional number of Subordinate Voting Shares available in the market. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Subordinate Voting Shares. In addition, we cannot predict the size of future issuances of our equity securities, including Subordinate Voting Shares, or the effect, if any, that future issuances and sales of our equity securities, including Subordinate Voting Shares will have on the market price of our Subordinate Voting Shares. Sales of substantial amounts of our Subordinate Voting Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Shares.

As a foreign private issuer, we are permitted, and intend, to follow certain home country corporate governance practices instead of otherwise applicable Nasdaq requirements, and we will not be subject to certain U.S. securities laws including, but not limited to, U.S. proxy rules and the filing of certain Exchange Act reports.

As a foreign private issuer, we will be permitted, and intend, to follow certain home country corporate governance practices instead of those otherwise required by the Nasdaq Stock Market for domestic U.S. issuers. Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on the Nasdaq Capital Market may provide less protection to you than what is accorded to investors under the listing rules of Nasdaq applicable to domestic U.S. issuers.

As a foreign private issuer, we will be exempt from the rules and regulations under the Securities Exchange Act of 1934, or the Exchange Act, related to the furnishing and content of proxy statements, including the applicable compensation disclosure requirements. Nevertheless, pursuant to regulations promulgated under Canadian law, we are required to disclose in the context of sending an information circular to shareholders all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the issuer, or a subsidiary of the issuer, to each Named Executive Officer (as such term is defined in the Instrument) and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the NEO or director for services provided, directly or indirectly, to the issuer or a subsidiary of the issuer. Such disclosure will not be as extensive as that required of a U.S. domestic issuer. Our officers, directors and principal shareholders will also be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act and we will be exempt from filing quarterly reports with the SEC under the Exchange Act. Moreover, we will not be required to comply with Regulation FD, which restricts the selective disclosure of material information, although we intend to voluntarily adopt a corporate disclosure policy substantially similar to Regulation FD. These exemptions and leniencies will reduce the frequency and scope of information and protections to which you may otherwise have been eligible in relation to a U.S. domestic issuer.

We would lose our foreign private issuer status if a majority of our shares are owned by U.S. residents and a majority of our directors or executive officers are U.S. citizens or residents or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. We may also be required to modify certain of our policies to comply with accepted governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we would lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

We are an emerging growth company and the reduced disclosure requirements applicable to emerging growth companies may make our Subordinate Voting Shares less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements that are applicable to other public companies that are not emerging growth companies.

For as long as we remain an emerging growth company we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not "emerging growth companies." These exemptions include:

- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;

Section 107 of the JOBS Act, which provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards.

- This means that an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to delay such adoption of new or revised accounting standards. As a result of this adoption, our financial statements may not be comparable to companies that comply with the public company effective date;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We will remain an emerging growth company until the earliest of: (i) the last day of our fiscal year during which we have total annual gross revenues of at least US\$1.235 billion; (ii) the date on which we have, during the previous three-year period, issued more than US\$1.0 billion in non-convertible debt; or (iii) the date on which we are deemed to be a “large accelerated filer” under the Exchange Act. We have opted out of the extended transition period made available to emerging growth companies to comply with newly adopted public company accounting requirements.

When we are no longer deemed to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above. We cannot predict if investors will find our Subordinate Voting Shares less attractive as a result of our reliance on exemptions under the JOBS Act. If some investors find our Subordinate Voting Shares less attractive as a result, there may be a less active trading market for our Subordinate Voting Shares and our share price may be more volatile.

The Company’s directors and officers control a large percentage of the Company’s issued and outstanding Subordinate Voting Shares and as a result, may have the ability to control or influence matters affecting the Company and its business.

The Company’s directors and officers own 264,048 Subordinate Voting Shares representing approximately 9% of all issued Subordinate Voting Shares. As a result, the Company’s directors and officers (or their affiliates), will have significant influence over the Company and its affairs. As long as the Company’s directors and officers (or their affiliates), collectively own or control greater than 20% of the Company’s outstanding Subordinate Voting Shares, the Company’s directors and officers will have the ability to exercise substantial control over all corporate actions requiring shareholder approval, irrespective of how our other shareholders may vote. This control may include the election and removal of directors, the size of the board of directors, any amendment to the Company’s Articles, or the approval of any significant corporate transaction, including a sale of substantially all of our assets. Additionally, the interests of the Company’s directors and officers may not align with the interests of the Company’s other shareholders.

Cannabis remains illegal under U.S. federal law, and enforcement of cannabis laws could change.

Cannabis is a Schedule I controlled substance pursuant to the United States Controlled Substances Act (21 U.S.C. § 811) (the “CSA”) and is illegal under U.S. federal law. Even in those states in which the use of cannabis has been legalized, its use, cultivation, sale and distribution remains a violation of federal law. We are not currently engaged in the cannabis industry in the United States, either directly or indirectly. Nevertheless, as a result of the federal prohibition on cannabis related business activities, certain companies, including banks and investment firms may be reluctant to do business with us, including investing in our company or buying and selling our securities.

Unless and until the United States Congress amends the CSA with respect to cannabis (and the President approves such amendment), there is a risk that federal authorities may enforce current federal law. Any person connected to the cannabis industry in the United States may be at risk of federal criminal prosecution and civil liability in the United States. Any investments may be subject to civil or criminal forfeiture and total loss.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline.

The trading market for our Subordinate Voting Shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Subordinate Voting Shares would be negatively impacted. If we obtain securities or industry analyst coverage and one or more of the analysts who cover us downgrade our Subordinate Voting Shares or publish inaccurate or unfavorable research about our business, or more favorable relative recommendations about our competitors, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Subordinate Voting Shares could decrease, which could cause our trading price and volume to decline.

We may not be able or willing to pay any dividends.

No dividends on the Subordinate Voting Shares have been paid to date and there is no assurance as to whether we will be profitable enough to pay dividends, or determine to do so even if sufficiently profitable. We anticipate that, for the foreseeable future, we will retain future earnings and other cash resources for the operation and development of our business. Payment of any future dividends will be at the discretion of the board of directors after considering many factors, including our earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements. Our ability to pay dividends is subject to our future financial. Our board of directors must also approve any dividends at their sole discretion. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Risks Related to our Sensera Device Business

We have never generated any revenue from Sensera Device sales and may never be profitable.

We have never generated any revenue from the Sensera Device sales. Our ability to generate revenue and achieve profitability depends on our ability, alone or with strategic collaboration partners, to successfully complete the development of, and obtain the regulatory and marketing approvals necessary to commercialize, the Sensera Device. We do not anticipate generating revenue from product sales for at least the next three months.

The Sensera device may contain errors or defects, which could result in damage to our reputation, lost revenues, diverted development resources and increased service costs, warranty claims and litigation.

The Sensera Device is complex and must meet stringent requirements. We expect to warrant that our products will be free of defect. We must develop our products, including the software associated with these products, quickly to stay ahead of potentially competing products. Products as sophisticated as ours could contain undetected errors or defects, especially when first introduced or when new models or versions are released. In general, our products may not be free from errors or defects after commercial shipments have begun, which could result in damage to our reputation, lost revenues, diverted development resources, increased customer service and support costs and warranty claims which could harm our business, results of operations and financial condition.

The complex nature of the Sensera Device increases the likelihood that our products will contain defects.

The Sensera Device is complex and may contain defects when first introduced into the market and as new versions are released. Delivery of products with manufacturing defects or reliability or quality problems could significantly delay or hinder market acceptance of our products, which in turn could damage our reputation and adversely affect our ability to retain our existing customers and to attract new customers. Correcting these production problems may require us to expend significant amounts of capital and other resources. We cannot give you any guarantee that our products will be free from errors or defects after we start commercial production. If there are product errors or defects, this will result in additional development costs, loss of or delays in market acceptance of the Sensera Device, diversion of technical and other resources from our other development efforts, increased product repair or replacement costs, or the loss of credibility with our current and prospective customers, which may have a negative impact upon our financial performance or status as a going concern.

There is no certainty that our patent applications for the Sensera Device will eventually be granted.

There is no certainty that the device will be marketed together with CBD due to the regulation and approvals required in each country.

There is no certainty that we will succeed in bringing a final product to market, and this depends on the successful completion of development and the mobilization of financial resources to do so.

Risks Related to the Company's CRM Software Businesses

BYND Israel is dependent on a single client for the majority of our current revenues and any changes to that relationship could have a significant impact on current revenues.

For the year ended December 31, 2024, over 67% of BYND Israel's revenue was derived from one major customer, Harel Insurance Company Ltd. Any changes to that relationship could have a significant impact on BYND Israel's current revenues.

Defects or disruptions affecting the New CRM Platform services could diminish demand for these services and subject BYND Israel to substantial liability.

The New CRM Platform may contain errors or defects that end users identify after they begin using these platforms and that could result in unanticipated downtime for our subscribers, and harm BYND Israel's reputation and its business. In addition, users may use the platforms in unanticipated ways that may cause a disruption in service for other customers attempting to access their data. Since customers may use these platforms for important aspects of their business, any errors, defects, disruptions in service or other performance problems with the platforms could hurt BYND Israel's reputation and may damage its customers' businesses. If that occurs, customers could elect not to renew, or delay or withhold payment for using the platforms. In addition, BYND Israel could lose future sales and existing customers may make warranty claims against BYND Israel, which could result in an increase in provision for doubtful accounts, an increase in collection cycles for accounts receivable or the expense and risk of litigation.

Interruptions or delays in service from BYND Israel's third-party data center hosting facilities could impair the delivery of its services and harm its business.

The New CRM Platform will utilize third-party data center hosting facilities. Any damage to, or failure of, these third-party systems generally could result in service interruptions. Such interruptions may result in reduced or lost revenues or having to issue credits or pay penalties, may cause users of the platforms to terminate subscriptions, may adversely affect renewal rates and may impact our ability to attract new users. BYND Israel's business reputation may also be harmed if users or potential customers perceive that the platforms are unreliable.

Although BYND Israel intends to have robust disaster recovery arrangements in place, including the use of third parties to host back-ups of its software and customer data, BYND Israel will not control the operation of any of these facilities, and they are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. Such facilities may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in service. Even with the disaster recovery arrangements, BYND Israel's services could be interrupted.

If security measures are breached and unauthorized access is obtained to a customer's data or to BYND Israel's data, its services may be perceived as not being secure, customers may curtail or stop using the services and BYND Israel may incur significant legal and financial exposure and liabilities.

BYND Israel's platforms will involve the storage and transmission of customers' proprietary information, and any security breaches could expose us to a risk of loss of this information, litigation and possible liability. These security measures may be breached as a result of third-party action, employee error, malfeasance or otherwise, during transfer of data and result in someone obtaining unauthorized access to our data or our customers' data. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our data or our users' data. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, BYND Israel may be unable to anticipate these techniques or to implement adequate preventative measures. Any security breach could result in a loss of confidence in the security of the services, damage to reputation, lead to legal liability and negatively impact future sales.

If BYND Israel experiences significant fluctuations in its rate of anticipated growth and fails to balance expenses with our revenue forecasts, its results could be harmed.

The unpredictability of new markets that we enter and unpredictability of future general economic and financial market conditions, we may not be able to accurately forecast our rate of growth. We plan our expense levels and investment on estimates of future revenue and future anticipated rate of growth. We may not be able to adjust our spending quickly enough if the addition of new users or the renewal rate for existing users falls short of our expectations. We cannot accurately predict subscription renewal or upgrade rates and the impact these rates may have on our future revenue and operating results.

As a result, we expect that our revenues, operating results and cash flows may fluctuate significantly on a quarterly basis. We believe that period-to-period comparisons of our revenues, operating results and cash flows may not be meaningful and should not be relied upon as an indication of future performance.

Our future success also depends in part on our ability to sell additional features and services, more subscriptions or enhanced editions of our service to our current customers. The rate at which our customers purchase new or enhanced services depends on a number of factors, including general economic conditions. If our efforts to upsell to our customers are not successful, our business may suffer.

We may in the future be sued by third parties for alleged infringement of their proprietary rights.

The software industry is characterized by the existence of a large number of patents, trademarks and copyrights and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. We may receive communications from third parties claiming that we have infringed on the intellectual property rights of others. We may be sued by third parties for alleged infringement of their proprietary rights. Our technologies may not be able to withstand any third-party claims or rights against their use. The outcome of any litigation is inherently uncertain. Any intellectual property claims, with or without merit, could be time-consuming and expensive to resolve, could divert management attention from executing our business plan and could require us to change our technology, change our business practices and/or pay monetary damages or enter into short or long-term royalty or licensing agreements which may not be available in the future at the same terms or at all.

We will rely on third-party computer hardware and software that may be difficult to replace or which could cause errors or failures of our service.

Our New CRM Platform rely on computer hardware purchased or leased and software licensed from third parties in order to offer our services. This hardware and software may not continue to be available at reasonable prices or on commercially reasonable terms, or at all. Any loss of the right to use any of this hardware or software could significantly increase our expenses and otherwise result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained and integrated, which could harm our business. Any errors or defects in third-party hardware or software could result in errors or a failure of our services which could harm our business.

The market for our technology delivery model and enterprise cloud computing application services is immature and volatile, and if it develops more slowly than we expect, our business could be harmed.

The market for enterprise cloud computing application services is not as mature as the market for packaged enterprise software, and it is uncertain whether these platforms will achieve and sustain high levels of demand and market acceptance. Our success will depend to a substantial extent on the willingness of enterprises, large and small, to increase their use of enterprise cloud computing application services in general, and for CRM in particular. Many enterprises have invested substantial personnel and financial resources to integrate traditional enterprise software into their businesses, and therefore may be reluctant or unwilling to migrate to an enterprise cloud computing application service. Furthermore, some enterprises may be reluctant or unwilling to use enterprise cloud computing application services because they have concerns regarding the risks associated with security capabilities, among other things, of the technology delivery model associated with these services. If enterprises do not perceive the benefits of enterprise cloud computing application services, then the market for these services may not develop at all, or it may develop more slowly than we expect, either of which would significantly adversely affect our operating results.

The markets in which we currently participate are intensely competitive, and if we do not compete effectively, our operating results could be harmed.

The markets for our Benefits CRM Software and New CRM Platform is highly competitive, rapidly evolving and fragmented, and subject to changing technology, shifting customer needs and frequent introductions of new products and services. We compete primarily with vendors of packaged CRM software, whose software is installed by the customer directly, and companies offering on-demand CRM applications. We also face, or expect to face, competition from enterprise software vendors and online service providers who may develop toolsets and products that allow customers to build new applications that run on the customers' current infrastructure or as hosted services.

Our efforts to expand our Benefits CRM Software business to our New CRM Platform, which is cloud-based and our efforts to develop and service the cannabis market with our New Cannabis CRM Platform may not succeed and may reduce our revenue growth rate.

We currently derive most of our revenue from our Benefits CRM Software and we expect this will continue for the foreseeable future until our New CRM Platform will be used by more of our customers. The market for our New Cannabis CRM Platform is new and unproven, and it is uncertain whether our efforts will ever result in significant revenue for us.

Supporting our existing and growing customer base could strain our personnel resources and infrastructure, and if we are unable to scale our operations and increase productivity, we may not be able to successfully implement our business plan.

We anticipate that additional investments in and research and development spending will be required to scale our operations and increase productivity, to address the needs of our customers, to further develop and enhance our service, and to expand into new geographic areas.

Our success will depend in part upon the ability of our senior management to manage our projected growth effectively. To do so, we must continue to increase the productivity of our existing employees and to hire, train and manage new employees as needed. To manage the expected growth of our operations and personnel, we will need to continue to improve our operational, financial and management controls and our reporting systems and procedures. The additional investments we are making will increase our cost base, which will make it more difficult for us to offset any future revenue shortfalls by reducing expenses in the short term. If we fail to successfully scale our operations and increase revenue, we will be unable to execute our business plan.

If we are not able to develop enhancements and new features for our existing Benefits CRM Software and the New CRM Platform or acceptable new services that keep pace with technological developments, our business will be harmed.

If we are unable to develop enhancements to and new features for our existing services or acceptable new services that keep pace with rapid technological developments, our business will be harmed. The success of enhancements, new features and services depends on several factors, including the timely completion, introduction and market acceptance of the feature or edition. Failure in this regard may significantly impair our revenue growth. In addition, because our cloud-based services will be designed to operate on a variety of network hardware and software platforms using a standard browser, we will need to continuously modify and enhance our service to keep pace with changes in Internet-related hardware, software, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in timely bringing them to market. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development expenses. Any failure of our services to operate effectively with future network platforms and technologies could reduce the demand for our services, result in customer dissatisfaction and harm our business.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology, and our business might be harmed. In addition, defending our intellectual property rights might entail significant expense. Any of our intellectual property rights may be challenged by others or invalidated through administrative process or litigation. Accordingly, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel.

Marketing our New CRM Platform to customers internationally expose us to risks inherent in international sales.

Because we intend to promote our new platforms to users throughout the world, we are subject to risks and challenges that we would otherwise not face if we conducted our business only in Israel. The risks and challenges associated with marketing our platforms internationally include:

- laws and business practices favoring local competitors;
- compliance with multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- regional data privacy laws that apply to the transmission of our customers' data across international borders;
- foreign currency fluctuations;
- different or lesser protection of our intellectual property; and
- regional economic conditions, including the affect of general economic and financial market conditions in the markets in which we operate.

Any of these factors could negatively impact our business and results of operations.

Evolving regulation of the Internet may affect us adversely.

As Internet commerce continues to evolve, increasing regulation both in Israel and abroad becomes more likely. For example, we believe increased regulation is likely in the area of data privacy, and laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information could affect our customers' ability to use and share data, potentially reducing demand for our solutions and restricting our ability to store, process and share data with our customers. In addition, taxation of services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may also be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm our business.

For example, the European Union has adopted a data privacy directive that requires member states to impose restrictions on the collection and use of personal data that, in some respects, are far more stringent, and impose more significant burdens on subject businesses, than previous privacy standards. All of these domestic and international legislative and regulatory initiatives may adversely affect our customers' ability to collect and/or use demographic and personal information from their customers, which could reduce demand for our services. Many other jurisdictions have similar stringent privacy laws and regulations.

Our business is subject to changing regulations regarding corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are subject to rules and regulations by various governing bodies, including, for example, the British Columbia Securities Commission, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded. Our efforts to comply with new and changing regulations are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, our business may be harmed.

Risks Related to Regulation of the Cannabis Business and the Cannabis Farm

The Israeli cannabis market has experienced a very significant upheaval in recent years, and most of the negative impact was done to the growing farms considering the opening of cannabis import channels to Israel. As a result, there has been significant consolidation in the growing field and many growing farms and processing plants have closed, including the oldest growers and producers in Israel. At the same time, the retail prices of medical cannabis in Israel have also dropped significantly, all this leads to economic unfeasibility for building a growing farm and investing enormous resources in its ongoing maintenance. Moreover, the ongoing state of war has severely affected the entire agricultural sector in Israel, especially in areas close to the border with Gaza, such as Moshav Kochav Michael, where the company planned to build the farms, it is currently unknown how long this situation will continue and what the long-term damage and implications will be for the sector.

Our board of directors took the decision to suspend activities related to construction of the Company's planned cannabis growing facility. This decision was taken in light of management's observation of significant negative changes in the medical cannabis market around the world, and particularly in Israel (including significant consolidation in the Israeli cannabis market, especially among growing farms, and the closure of a number of farms due to economic unfeasibility of performing). As reported by the Jerusalem Post*, Israel's cannabis industry is dismantling itself from within. In addition, we lack the funds for the required budget for the construction of the facility. Furthermore, in light of the ongoing war involving the State of Israel and the proximity of the area designated for cultivation to the border with Gaza, this is not right time to construct a cannabis growing facility. The Company's board of directors intends to revisit the suspension in April 2025.

*<https://www.jpost.com/business-and-innovation/all-news/article-726866>

<https://m.calcalist.co.il/Article.aspx?guid=ryksx0089t>

<https://www.homee.co.il/%D7%AA%D7%A2%D7%A1%D7%95%D7%A7%D7%94-%D7%95%D7%99%D7%96%D7%9E%D7%95%D7%AA/%D7%A9%D7%95%D7%A7-%D7%91%D7%A7%D7%A0%D7%90%D7%91%D7%99%D7%A1-%D7%91%D7%99%D7%A9%D7%A8%D7%90%D7%9C/>

<https://mobile.mako.co.il/cannabis-news/Article-e59ce91a9558881026.htm>

<https://www.globes.co.il/news/article.aspx?did=1001457048>

<https://www.globes.co.il/news/article.aspx?did=1001445389>

<https://m.calcalist.co.il/Article.aspx?guid=sytmqbf2>

<https://www.xn--4dbcyzi5a.com/5-%D7%A1%D7%99%D7%91%D7%95%D7%AA-%D7%9E%D7%93%D7%95%D7%A2-%D7%97%D7%91%D7%A8%D7%95%D7%AA-%D7%94%D7%A7%D7%A0%D7%90%D7%91%D7%99%D7%A1-%D7%91%D7%99%D7%A9%D7%A8%D7%90%D7%9C-%D7%9C%D7%90-%D7%9E%D7%A6%D7%9C/>

<https://www.xn--4dbcyzi5a.com/%D7%90%D7%97%D7%A8%D7%99-%D7%A9%D7%94%D7%A4%D7%A1%D7%99%D7%93%D7%94-%D7%9E%D7%90%D7%95%D7%AA-%D7%9C%D7%90-%D7%9E%D7%A6%D7%9C/>

However, if and when we decide to construct a Cannabis Farm, the following risks would have to be considered before making an investment in the Company, this will depend on the conditions of the Medical cannabis market in Israel and the economic justification in building a farm over using the contactless business license:

Our cannabis business will be dependent on our obtaining the final license to engage in medical cannabis from the MCU and receiving certain licences and certain GSP and GAP certifications (the “Good Practice Certifications”), which may prevent us from being able to carry on or expand our operations if these are not obtained or maintained.

Once obtained, in order to maintain our licences, we will be required to satisfy numerous ongoing reporting requirements. If we are found in breach of any such reporting requirements, we may have our licences revoked. One of the requirements to obtain and maintain our licences includes the Good Practice Certifications, which are contingent upon certain requirements and standards we must adhere to.

There can be no assurance that we will be able to obtain all of the licences or the necessary Good Practice Certifications required to operate our cannabis business as contemplated. In addition, if the necessary licenses and Good Practice Certificates are obtained, there is no guarantee that they will be extended or renewed when such extensions or renewals are required, or that they will be extended or renewed on the same or similar terms or in a timely fashion.

Failure to adhere to applicable regulations, failure to comply with the requirements of our licences, or any failure to meet required quality standards or to maintain our Good Practice Certifications may result in possible sanctions including the revocation of our licences to operate our business, our suspension or expulsion from a particular market or jurisdiction, and the imposition of fines and censures.

Israeli Cannabis Laws are continually evolving and we cannot fully predict the impact of the compliance regime the MCU are implementing will have on our operations, or the implications of corresponding applicable regulatory regimes in other countries, particularly in Europe and other jurisdictions where we intend to market our products. Similarly, we cannot predict the time required to secure all appropriate regulatory approvals for our products in various applicable jurisdictions. We also cannot predict the time required to secure all appropriate regulatory approvals to conduct our clinical trials or the extent of testing and documentation that may be required by governmental authorities in such jurisdictions.

Further, once our products are approved, regulatory agencies have substantial authority to require additional testing and reporting, perform inspections, change product labeling or mandate withdrawals of our products. Failure to comply with these laws and regulations could subject us to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. We may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could subject us to liability, harm our reputation, require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money. Defending against these lawsuits and proceedings could result in substantial costs and diversion of management’s attention. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management’s attention and resources.

Risks Related to Management and Personnel

We rely on our management and need additional key personnel to grow our business, and the loss of key employees or inability to hire key personnel could harm our business.

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. We do not maintain key person life insurance policies on any of our employees.

In addition, we are subject to a variety of business risks generally associated with growing companies, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Future growth and expansion could place significant strain on our management personnel and likely will require us to recruit additional management personnel.

There can be no assurance that we will be able to manage our expanding operations (including any acquisitions) effectively, that we will be able to sustain or accelerate our growth or that such growth, if achieved, will result in profitable operations, that we will be able to attract and retain sufficient management personnel necessary for continued growth, or that we will be able to successfully make strategic investments or acquisitions.

Our senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business and will increase our expenses.

Most of individuals who now constitute our senior management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies compared to senior management of other publicly-traded companies. Our senior management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting

obligations under Canadian and U.S. securities laws. In particular, these new obligations will require substantial attention from our senior management and could divert their attention away from the day-to-day management of our business.

We expect to incur significant accounting, legal, insurance and other expenses as a result of being a public company, which could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in the United States, Canada and the rules of the Nasdaq substantially increase our expenses, including our accounting and legal costs.

Furthermore, compliance with applicable securities laws and regulations makes some activities more time-consuming and costlier. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, and on our personnel. Furthermore, we expect that compliance with the laws, rules and regulations that public companies are subject to will make it more expensive for us to obtain director and officer liability insurance, and may require us to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as officers.

We may become subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants.

We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, monetary fines or contractual damages on us, reputational harm, diminished profits and future earnings, and curtailment of our operations.

Risks Related to Our Subsidiaries' Status as Israeli Companies

All of our material operations are located in Israel and, therefore, our business and operations may be adversely affected by political, economic and military conditions in Israel.

All of our material operations are located in Israel. In addition, certain of our key employees and directors and officers are residents of Israel. Accordingly, political, economic and military conditions in the Middle East in general, and in Israel in particular, may directly affect our business, product development and results of operations, and we may be adversely affected by a significant increase in the rate of inflation or a significant downturn in economic or financial conditions in Israel, or a weakening of the role of the Israeli judiciary.

Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel and its neighboring countries, and since 2000, there have been increasing occurrences of terrorist violence. In recent years, hostilities between Israel and Hezbollah in Lebanon (and Syria) and Hamas in the Gaza Strip have both involved missile strikes in various parts of Israel causing disruption of economic activities. This violence has strained Israel's relationship with its Arab citizens, Arab countries and, to some extent, with other countries around the world. Our corporate headquarters and principal research and development activities are located in the range of missiles that could be fired from Lebanon, Syria or the Gaza Strip into Israel. In addition, Israel faces threats from more distant neighbors, in particular, Iran (which is believed to be an ally of Hamas in Gaza and Hezbollah in Lebanon). Any armed conflicts involving Israel or in the region or any political instability in the region, including acts of terrorism as well as cyberattacks or any other hostilities involving or threatening Israel, would likely negatively affect business conditions and could make it more difficult for us to conduct our operations in Israel, which could increase our costs and adversely affect our financial results. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East, such as damages to our facilities resulting in disruption of our operations. Although the Israeli government is currently committed to covering the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained, or if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by us could have a material adverse effect on the Company's business. Any armed conflict involving Israel could adversely affect our operations and results of operations.

Several countries, principally in the Middle East, as well as certain companies, organizations and movements, restrict their commercial activities with Israel or Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods based on Israeli government policies. Similarly, Israeli companies are subject to limitations while conducting business with entities from several countries. Such business restrictions and boycotts, particularly if they become more widespread, may materially and adversely impact our ability to sell our products and the expansion of our business. We could be adversely affected by the interruption or curtailment of trade between Israel and its trading partners.

Strikes and work stoppages in Israel and the obligations of our personnel to perform military service may prevent us from continuing our research, development, growing and marketing activities.

Strikes and work stoppages occur relatively frequently in Israel. If Israeli trade unions threaten additional strikes or work stoppages and such strikes or work stoppages occur, these may, if prolonged, have a Material Adverse Effect on the Israeli economy and on our business, including our ability to deliver products to our customers in a timely manner.

Our operations could be disrupted by the obligations of some of our personnel to perform military service. Certain of our employees in Israel, generally males, including executive officers, may be called upon to perform obligatory military reserve service on an annual basis until they reach the age of 40 (and in some cases, up to age 49) and, in certain emergency circumstances, may be called to immediate and prolonged active duty on very short notice. Our operations could be disrupted by the absence for military service for extended periods of a significant number of our employees. Such disruption could materially and adversely affect our business and results of operations.

Service of process upon and enforcing a Canadian or U.S. judgment against us and our current executive officers and directors, or asserting Canadian or U.S. securities law claims in Israel, may be difficult.

As a corporation headquartered in Israel, service of process upon us and upon our directors and officers and any Israeli experts named herein, most of whom reside outside of Canada and the United States, may be difficult from within Canada or the United States. Furthermore, because a majority of our assets and most of our directors, officers and such Israeli experts are located outside of Canada and the United States, any judgment obtained in Canada or the United States against us or any of them may be difficult to collect within Canada and the United States and may not be enforced by an Israeli court.

We have been informed by our legal counsel in Israel that it may be difficult to assert Canadian securities laws claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of Canadian securities laws on the basis that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not Canadian law is applicable to the claim. There is little binding case law in Israel addressing these matters. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact which can be a time-consuming and costly process. Certain matters of procedure may also be governed by Israeli law.

Risks Related to Electronic Security

We may experience breaches of security at our facilities or in respect of information systems, electronic documents and data storage.

We have and will continue to enter into agreements with third parties for hardware, software, telecommunications and other information technology (“IT”) services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses.

We have not experienced any material losses to date relating to cyberattacks or other information security breaches, but there can be no assurance that we will not incur any such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Certain of our marketing practices rely upon e-mail, social media and other means of digital communication to communicate with consumers on our behalf. We may face risk if our use of e-mail, social media or other means of digital communication is found to violate applicable laws. We post our privacy policy and practices concerning the use and disclosure of user data on our websites. Any failure by us to comply with its posted privacy policy or other privacy-related laws and regulations could result in proceedings which could potentially harm our business. In addition, as data privacy and marketing laws change, we may incur additional costs to ensure we remain in compliance. If applicable data privacy and marketing laws become more restrictive at the international, federal, provincial or state levels, our compliance costs may increase, our ability to effectively engage customers through personalized marketing may decrease, our investment in our e-commerce platform may not be fully realized, our opportunities for growth may be curtailed by our compliance burden and the potential for reputational harm or liability for security breaches may increase.

Risks Related to Exchange Rate

Exchange rate fluctuations between the Canadian dollar, the U.S. dollar, the New Israeli Shekel, the Euro and other foreign currencies may negatively affect our future revenues.

We will be exposed to the financial risk related to the fluctuation of foreign exchange rates. We generate substantially all of our revenues in NIS and United States dollars, including executive compensation, employee salaries and payments to service providers in Israel. The majority of our operating expenses are incurred in Israel in NIS and, as we begin to export, will likely be incurred increasingly in Euros. We also may be subject to fluctuations due to changes in foreign currency exchange rates, particularly changes between the Canadian dollar, the U.S. dollar and the NIS, and the Euro. As we expand internationally and enter new markets, we will be subject to additional foreign currency exchange risks. In addition, a portion of our financial assets are held in NIS. As a result, our financial results may be affected by fluctuations in the exchange rates of currencies between the NIS and other currencies. Although exposure to currency fluctuations to date has not had a Material Adverse Effect on the Company’s business, there can be no assurance that any future hedging transactions we engage in will provide sufficient protection and that such fluctuations in the future will not have a Material Adverse Effect on the Company’s operating results and financial condition. To date, the Company has not hedged our exposure to currency fluctuations.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

The Company through its subsidiaries (i) develops the Sensera (formerly EZ-G) device, a unique, patent-pending device that, combined with proprietary software, regulates the flow of low-concentration CBD oils into the soft tissues of the female sexual organs, and (ii) develops, markets and sells a proprietary client relationship management, or CRM, software known as “Benefit CRM”.

All of the Company’s business operations are currently located in Israel. All of its revenues are generated in that country.

Sensera Business

On September 22, 2022, the Company completed its acquisition of Israeli based Zigi Carmel Initiatives & Investments Ltd. through Zigi Carmel we own the Sensera device, a unique, patent-pending device that, combined with proprietary AI software, regulates the flow of low-concentration CBD oils into the soft tissues of the female sexual organs. According to research conducted across the globe, treatment with low-concentration CBD oils can relieve candida, dryness, scars, and many other female health issues (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7924206>). Numerous studies have shown CBD interacts with the endocannabinoid system, a master regulatory system with receptors all around the body. By activating these receptors, CBD may have health benefits that may help having sex more approachable and pleasurable by reducing stress, enhancing one’s mood, promoting body comfort, and treating vaginal issues.

CRM Software Business

BYND—Beyond Solutions Ltd. (Israel), our wholly owned subsidiary (“BYND Israel”), has developed the Benefit CRM Software. The Benefit CRM Software enables small and medium-sized businesses to optimize their day-to-day activities such as sales management, personnel management, marketing, call center activities and asset management. The Benefit CRM Software streamlines the business operations of BYND Israel’s clients, enabling them to devote most of their efforts and attention to business development aimed at ensuring the future of their respective organizations.

Medical Cannabis Business

BYND Israel’s original goal was to leverage the construction and operation of the Cannabis Farm to assist in the development of its New Cannabis CRM Platform, a new CRM software platform designed to serve the unique needs of the medical cannabis sector.

The Company’s board of directors took the decision to suspend activities related to construction of the cannabis growing facility. This decision was taken in light of management’s observation of significant negative changes in the medical cannabis market around the world, and particularly in Israel, that have taken place since the time the Company was established, in addition to the lack of funds for the required budget for the construction of the facility, and in light of the ongoing war involving the State of Israel and the proximity of the area designated for cultivation to the border with Gaza. The Company’s board of directors reconsidered the suspension in July 2024 and decided to extend the suspension at least until April 2025.

History

The Company was organized on March 29, 2021, under the name “*BYND Cannasoft Enterprises Inc.*”, as a result of the amalgamation between Lincoln Acquisition Corp. a company incorporated on July 19, 2019, as a British Columbia corporation, and 1232986 B.C. Ltd., a British Columbia company formed in December 2019 specifically for the purpose of the amalgamation (the “Amalgamation”).

Also on March 29, 2021, the Company completed a share exchange with the shareholders of BYND—Beyond Solutions Ltd., a company organized under the laws of the State of Israel in 2000 (the “Share Exchange”).

As a result of the Share Exchange, the former BYND Israel shareholders were issued 94,820 Company Shares thereby acquiring control of the Company and BYND Israel became a wholly owned subsidiary of the Company. The Share Exchange was accounted for as a reverse acquisition of the Company.

In connection with the Share Exchange, BYND Israel and the BYND Israel Shareholders obtained the Israeli Tax Pre-Ruling from the Israeli Tax Authority (“ITA”) with respect to a tax deferral on capital gains and other Israeli tax considerations that apply to BYND Israel Shareholders and that will apply the Company.

It provides for a tax deferral with respect to the Share Exchange, until the Company Shares received by the BYND Israel Shareholders are ultimately disposed of, subject to the following limitations and restrictions:

- the Company must hold the BYND Israel Shares for at least two years from the closing date of the Share Exchange and, subject to certain exceptions, must not cause a dilution of its interest in BYND Israel;
- former BYND Israel Shareholders who received Consideration Shares, must continue to hold not less than 25% of the outstanding Subordinate Voting Shares for the two years following the closing date of the Share Exchange; and
- BYND Israel must continue to operate its business as presently conducted (i.e., its main economic activity) for at least two years from the closing date of the Share Exchange Transaction and will not at any time be permitted to sell its intellectual property rights and assets outside Israel without ITA consent.

If the Company later disposes of any of the BYND Israel Shares, the Company will be subject to full capital gains tax in Israel. Furthermore, any gain or loss which may arise from a sale of BYND Israel Shares may not be offset in the tax year in which the Share Exchange occurs or during the following two years, against any other losses or gains in the Company.

The Israeli Tax Pre-Ruling also required that, upon completion of the Share Exchange Transaction, all BYND Israel Shares which were acquired by Company, be deposited with the Israeli Trustee (as trustee for the Company) in accordance with the provisions of the IBI Trust Agreement. See “*Material Contracts*”.

The Israeli Tax Pre-Ruling also required that, upon completion of the Share Exchange, all Company Shares issued to the BYND Israel Shareholders, be deposited with the Israeli Trustee (as trustee for the applicable BYND Israel Shareholders), in accordance with the provisions of the IBI Trust Agreement, until they are sold.

The IBI Trust Agreement does not itself restrict the ability of the BYND Israel Shareholders to sell their Company Shares or the ability of the Company to sell the BYND Israel Shares. Rather, the IBI Trust Agreement is in place to ensure that any applicable Israeli capitals gains tax will be withheld and remitted to the Israeli Tax Authority, if and when the Company Shares or BYND Israel Shares are ultimately sold.

The Following Transactions took place prior to and in connection with the share exchange (note that all numbers of Subordinate Voting shares issued and dollar amounts raised through such issuances detailed in this section have been retroactively adjusted for the 1:190 reverse stock split that went into effect on March 22, 2024 and the 1:17 reverse stock split that went into effect on August 26, 2024):

- On April 22, 2019, BYND Israel entered into a convertible loan agreement with an investor (the “**Convertible Loan Agreement**”) to borrow USD\$100,000 to facilitate the completion of the Business Combination Transaction and the listing of the shares of the Company on the CSE.
- On June 30, 2020, Fundingco completed a private placement financing wherein it issued 20,451 Fundingco special warrants to investors, at an issue price of \$7.6 per special warrant, for gross proceeds of \$155,424.
- On October 1, 2020
 - BYND Israel assigned its obligations under the Convertible Loan Agreement to Fundingco and recorded a gain of \$116,473 related to the debt assignment. As the consideration for the debt assignment, BYND Israel issued a demand promissory note to Fundingco with the principal amount of \$155,548 equal to the principal amount of the convertible debenture together with all unpaid interest owing to the creditor. The demand promissory note is unsecured and bears no interest.
 - Fundingco settled the amount owing to the investor under the Convertible Loan Agreement, by issuing 3,195 Fundingco special warrants, to the investor.
- On March 29, 2021, Fundingco completed a private placement financing wherein it issued 2,959 Fundingco special warrants to investors, at an issue price of \$155.8 per special warrant, for gross proceeds of \$460,956.

On May 26, 2022, the Subordinate Voting Shares were approved for listing on the Nasdaq, and trading commenced on May 31, 2022 under the symbol ‘BCAN’.

On August 9, 2022, the Company signed an agreement with the Weizmann Institute of Science for the use of the Company’s proprietary Benefit CRM Software. Under the terms of the agreement, the Weizmann Institute of Science will use a beta version of the software provided as Software as a Service (SAAS). The beta version will include the Company’s C.R.M. System – Job Management (BENEFIT), as well as a module system (CANNASOFT) for managing cannabis farms and greenhouses. The Company will grant the Weizmann Institute a permit to use the license free of charge for a period of one year, after which the parties will extend the agreement and the Company will be paid the customary rate as of the date of extension of the agreement.

The Company has not received a notice to extend the agreement against any remuneration, with that the collaboration agreement between the parties was not cancelled by any of the parties.

On September 22, 2022, the Company completed its acquisition of Zigi Carmel in consideration for the issuance to Carmel Zigdon of 41,684 Subordinate Voting Shares at a deemed price per share of \$899.65 and US \$100,000 to cover his legal expenses. As part of the closing of the acquisition, Mr. Zigdon was appointed as a director of the Company. Zigi Carmel owns the Sensera device. See Description of Business – Sensera device business.

On February 5, 2023, the Company’s wholly owned subsidiary, Cannasoft Pharma Holdings Ltd., received a contactless business license. This license allows us to engage in the cannabis industry for the purpose of trading and brokering transactions in Israel, importing from abroad, and purchasing and selling cannabis without touching the substance. The contactless license was valid for one year and expired on February 5, 2024. A decision as to whether to reapply for a license has not yet been made will depend upon the Foria supplier agreement with the Company and the general stage of the medical cannabis market in Israel.

On July 19, 2023, the Company issued 9,123 Subordinate Voting Shares at a price of US\$285 per Subordinate Voting Share following the closing of an underwritten public offering with gross proceeds to the Company of \$3,424,201, before deducting underwriting discounts and other estimated expenses paid by the Company in the amount of \$405,636, for net proceeds of \$3,018,565.

On September 26, 2023, we signed a non-binding Memorandum of Understanding (MOU) with Foria, a plant-based sexual wellness company, outlining plans to form a strategic alliance to enhance the understanding and collaborate on opportunities available in the fast-growing female wellness industry. The alliance plans to integrate Foria’s knowledge and experience in the sexual wellness space, along with the brand’s beloved organic botanical and CBD-based products, with the our patent pending Sensera therapeutic solution device, which utilizes AI to help address women’s health issues. Foria’s team plans to develop oil capsules designed for use in the Sensera Devices, which leverage proprietary software to regulate the flow of low concentrations of CBD oil, hemp seed oil, and other natural oils into the soft tissues of the female reproductive system. The device is expected to provide users with a personalized experience that meets various needs related to sexual pleasure and potentially address a wide variety of women’s health issues.

On November 16, 2023, the Company's wholly owned subsidiary –BYND - Beyond Solutions Ltd submitted with the Israel Innovation Authority a research and development plan based on a planned budget of US\$1.5 million (grant of up to US\$0.75 million) to develop CRM software combined with AI for the medical cannabis industry (File number 82745 – Application number 01125047). On December 24, 2023 the Israel Innovation Authority has notified the Company that its submission has been rejected due to prioritization of their grants to companies that are more in need.

On December 21, 2023, the Company closed a registered direct public offering of 15,182 units at a price of US\$98.8 per unit, each consisting of one Subordinate Voting Share and one Subordinate Voting Share purchase warrant entitling the holder thereof to purchase one Subordinate Voting Share at an exercise price of US\$98.8. The Company raised gross proceeds of \$1,996,650 under this offering, before deducting underwriting discounts and other estimated expenses paid by the Company in the amount of \$319,464, for net proceeds of \$1,677,186.

On March 14, 2024, the Company closed a firm commitment underwritten U.S. public offering with gross proceeds to the Company of approximately US\$7,000,000 (\$ 9,458,400), before deducting underwriting discounts and other estimated expenses payable by the Company. The base offering consisted of (a) 16,166,667 Common Shares (or 85,088 common shares post reverse split), (b) 100,500,000 pre-funded warrants (or 528,947 post reverse split), (c) 16,166,667 (or 85,088 post reverse split) A warrants to purchase one common share (the "March 2024 A Warrants") at US\$0.09 per common share (US\$17.1 on a post-split basis), and (d) 32,333,334 (or 170,176 post reverse split) B warrants to purchase one common share (the "March 2024 B Warrants") at US\$0.102 per common share (US\$19.38 on a post-split basis). All pre-funded warrants were exercised. To date, 3,593,170 March 2024 A Warrants (on a post-split basis) have been exercised on a cashless basis. 15,000 March 2024 B Warrants have been exercised at an exercise price of \$US1.3643 per common share. As a result, as of the date hereof, March 2024 A Warrants to purchase all but 5,084 Common Shares and March 2024 B Warrants to purchase all but 10,828 Common Shares were either exercised or exchanged under the terms of the Exchange Agreement.

As of the close of trading on March 14, 2024, the Subordinate Voting Shares were voluntarily delisted from the Canadian Securities Exchange ("CSE"). The delisting from the CSE will not affect the Company's listing on the NASDAQ Capital Market (the "NASDAQ").

On March 22, 2024, the Company effected a 1-for-190 reverse stock split of its outstanding Subordinate Voting shares.

On May 27, 2024, pursuant to an Agreement Dated May 27, 2024, the Company issued 450,000 Subordinate Voting Shares (26,471 Subordinate Voting Shares post reverse split) (valued at US\$400,500 or \$546,122) as a guarantee to the co-owner of a farm following the Company's decision to suspend the construction of a cannabis farm on that property. Under the Agreement, the shares are to be held in escrow by the Company until the earlier of (a) the third anniversary of the Settlement Agreement, or (b) the date on which the Company's board of directors resolves not to construct the cannabis farm. The number of shares to be released is subject to adjustment in the event that the market price of the Company's Subordinate Voting Share is lower than US\$15.13 per share on the date of release.

Effective July 22, 2024, the Company changed its name to Femto Technologies Inc.

On August 26, 2024, the Company effected a 1-for-17 reverse stock split of its outstanding Common Shares.

On September 20, 2024, the Company issued 75,000 Enhanced Voting Preference Shares (4,412 Enhanced Voting Preference Shares post reverse split) (the "Preference Shares") to its Chief Executive Officer. The Preference Shares carry 50 votes per share but are without dividend rights. The Preference Shares expire automatically and revert back to the Company upon the earlier to occur of (i) the third anniversary of the date of issuance of the Preference Shares, or (ii) the Chief Executive Officer ceasing to hold office.

The creation and issuance of the Preference Shares had been approved by the Company's shareholders at a duly called meeting on August 1, 2024.

On February 28, 2025, the Company completed the transactions contemplated under a securities purchase agreement (the "Purchase Agreement") with institutional investors for the purchase and sale of approximately \$17 million of Common Shares and pre-funded and investor warrants at a price of \$4.17 per Common Unit.

The offering (the "Private Placement") consisted of the sale of Common Units (or Pre-Funded Units), each consisting of (i) one Common Share or Pre-Funded Warrant, (ii) one Series A Warrant to purchase one Common Share per warrant (the "Series A Warrants") and (iii) one Series B Warrant to purchase one Common Share per warrant (the "Series B Warrants"). The offering price per Common Unit was \$4.17 (or \$4.16999 for each Pre-Funded Unit, which is equal to the offering price per Common Unit sold in the offering minus an exercise price of \$0.00001 per Pre-Funded Warrant). The Pre-Funded Warrants are immediately exercisable. The initial exercise price of each Series A Warrant is \$5.21 per Common Share. The Series A Warrants are exercisable immediately and expire 60 months after the Release Date (as defined in the Purchase Agreement) and may be exercised on a cashless basis if there is not then an effective registration covering the resale of the Common Shares underlying the Series A Warrants. The number of securities issuable under the Series A Warrant is subject to adjustment as described in the Series A Warrant. The initial exercise price of each Series B Warrant is \$12.51 per Common Share. They also include an alternative cashless exercise option, allowing the holder to exercise the Series B Warrant at any time and receive three Common Shares for each Common Share then underlying the Series B Warrant without additional consideration. The Series B Warrants are exercisable immediately and expire 30 months after the Release Date. The number of securities issuable under the Series B Warrant is subject to adjustment as described in the Series B Warrant.

On February 26, 2025, the Company also entered into a placement agent agreement (the "Placement Agreement") with Aegis Capital Corp. ("Aegis"), pursuant to which the Company engaged Aegis to act as its sole placement agent in connection with the offering. Pursuant to the terms of the Placement Agreement, Aegis agreed to use its best efforts to arrange for the sale of the securities in the offering. As compensation to the placement agent, the Company paid the placement agent placement commission equal to 15.0% of the aggregate gross proceeds from the offering. Aegis will also receive a fee of 10.0% of the proceeds from the

cash exercise of any warrants currently outstanding or issued in the Placement, payable on exercise. In addition, the Company agreed to reimburse Aegis for certain out-of-pocket expenses, including reasonable legal fees and disbursements for its counsel.

Also, on February 26, 2025, the Company entered into an exchange agreement (the “Exchange Agreement”) with certain holders of tranches of warrants to purchase Common Shares previously issued by the Company in March 2024 and December 2023 (collectively, the “Old Warrants”). Under the Exchange Agreement, such holders agreed to exchange with the Company some of the outstanding Old Warrants for 2,495,933 new warrants (the “Exchange Warrants”) to purchase Common Shares, substantially similar to the Series B Warrants issued in the Private Placement. If the exercise price of the Exchange Warrants are adjusted to the floor of \$0.76, up to 123,253,146 Common Shares would be issuance upon the exercise of the Exchange Warrants. As a result of the Exchange Agreement, Old Warrants that were exchanged were cancelled as of that date.

B. Business Overview

The following is a description of BYND Israel’s current CRM Software business, its new cannabis CRM Software business and its proposed medical cannabis business as well as the Company’s new Sensera business. Notwithstanding that the following distinguishes between three lines of business, for accounting purposes, the Company currently has only one reportable segment (software) given that its new medical cannabis business has not yet commenced operations in a meaningful or material way.

BYND Israel’s Current CRM Software Business

Overview

BYND Israel has developed the Benefit CRM Software. The Benefit CRM Software enables small and medium-sized businesses to optimize their day-to-day activities such as sales management, personnel management, marketing, call center activities and asset management. The Benefit CRM Software streamlines the business operations of BYND Israel’s clients, enabling them to devote most of their efforts and attention to business development aimed at ensuring the future of their respective organizations.

Targeted Industries

The main target markets for the Benefit CRM Software are SMB’s. The needs and requirements of SMB’s are different to those of large corporations. Tailor-made CRM software is not easily available to SMB’s due to the cost hurdle. As such, more standardized CRM software packages have been developed, but without enough customization, we believe that they are not truly useful to SMB’s. BYND Israel’s Benefit CRM Software is built with the SMB customer in mind, and can provide a flexible and robust CRM solution for the SMB sector.

Sales and Marketing

BYND Israel markets and sells its Benefit CRM Software primarily through its own sales agents. The company has a two-person telemarketing team that identifies and targets suitable potential customers and then arranges meetings with one of its sales agents. It is the role of the sales agent to better learn the needs of each potential customer, work out what the most appropriate software will be for them, and close each deal.

As BYND Israel’s New CRM Platform is nearing completion, the company no longer focuses its efforts to market and sell its existing Benefit CRM Software to new clients. In the short term, BYND Israel seeks only to maintain current clients. Once completed, BYND Israel plans to market and sell its New CRM Platform using similar methods to those used in the past for the Benefit CRM Software.

Financial Overview

Currently, the Benefit CRM Software is being used by over 400 organizations and companies in Israel.

In Fiscal 2024, the Company, through BYND Israel, earned total revenues from all operations of \$998,839. The largest source of revenue was derived from customization of BYND Israel’s Benefit CRM Software for individual clients. Fees charged for product customization contributed more than 73% of total revenues or \$727,073. BYND Israel’s second largest source of revenue was sales of software licenses to clients, which accounted for 16% of total revenues or \$165,410. Most of the company’s other income was generated by sales of Benefit CRM Software licenses to customers. Over 67% of BYND Israel’s revenue is currently derived from its major customer, Harel Insurance Company Ltd.

Growth Strategy

Over the past four years, BYND Israel has been working on the development of its New CRM Platform, a newer, more advanced version of its Benefit CRM Software platform utilizing the strengths of Big Data. This New CRM Platform brings a whole host of applications that will both improve its current suite of applications and provide what it believes to be new and highly revolutionary tools for its customers.

Our Solutions and Products

Through the Benefit CRM Software (and ultimately through the New CRM Platform), BYND Israel’s goal is to provide organizations with the tools they need to work more efficiently. The Benefit CRM Software is designed to enable each and every person in an organization to work better with their customers, suppliers and other stakeholders.

BYND Israel's Benefit CRM Software provides each of its clients with a first-class management tool that enables them to formulate a more targeted business strategy. The Benefit CRM Software helps clients focus their resources on the needs of their customers, which in turn improves the client's customer relations and performance (in both sales and profitability). The Benefit CRM software also includes a large number of customer resource management functions that enhance internal efficiency, cost control, and the ability to provide quality customer service.

In addition to the licensing and sale of the Benefit CRM Software, BYND Israel also offers customers, through a third party, cloud back-up services, whereby depending on their contract, BYND Israel we will back-up all their information to the cloud at a frequency as agreed upon in their contract. The company also offer its customers training sessions that are tailor-made for their particular software package, as well as ongoing telephone support from the company's customer service team. BYND Israel's development team are constantly working with customers in order to adopt and modify the Benefit CRM Software specifically for the customer's needs and requirements. A large portion of the company's revenue is generated from the development team's work. Other services offered are an SMS option, where BYND Israel's customers can create lists and automated instructions for SMS messages to be sent to their customers and employees. BYND Israel also offer's our customers a 'clearing service' to facilitate credit card payments that they may receive.

Employees

BYND Israel currently has six employees. This includes the Head of Marketing, Sales and Customer Service Manager, Development Manager, Programmers and Engineers. All employees are currently based in Israel.

New CRM Platform

Over the past three years, BYND Israel has been working on the development of its New CRM Platform, utilizing the strengths of Big Data, this new platform is now ready.

Cloud Based

The biggest change associated with the New CRM Platform is a migration of the existing Benefit CRM Software to a cloud-based service, allowing users to more easily access the solution online, from any internet connected device. On a more practical level, this migration to a cloud-based platform will allow BYND Israel to control storage of all client information (and each client's customer information) in one central location and will remove the need for each client to maintain its own server. With a cloud-based solution, BYND Israel's team will be able to more efficiently serve and manage each of its clients from a single location.

Customization & Resale

An exciting tool that is also being developed for the New CRM Platform, is the ability for clients and resellers to easily and quickly create their own "customized" CRM software platform ("**Customized CRM Software**") that they can then re-sell to end users. Clients and resellers utilizing the New CRM Platform will receive access to a control board from which they can set up their own Customized CRM Software solution(s) under different name(s) (white labelling) using various different modules, inputs and search screens. This new functionality should have much wider appeal and should allow BYND Israel, through its clients and resellers, to more easily penetrate new markets, both within Israel and abroad.

Once a BYND Israel client or reseller has completed its Customized CRM Software specifications, they will receive a link for its Customized CRM Software solution which they can then market to end users in any way they wish, including through social media and via Google. When an end user clicks on the Customized CRM Software link, the client or reseller will be able to determine how many individual end user-id's are needed and select an appropriate pricing model. Support and training for each end user will be provided directly by the client or reseller, and will permit them to embed video tutorials into the software.

All Customized CRM Software created by clients and resellers will work in conjunction with BYND Israel's New CRM Platform and will effectively make the company the "technical overseer" of all of the Customized CRM Software that our clients or resellers create and sell to end users. If any of our clients or resellers have a technical problem with their Customized CRM software, BYND Israel's support center and team will be available to resolve the issue.

For the purpose of managing invoices, the New CRM Platform also includes a billing system which will allow BYND Israel to process all fees generated by our clients and resellers from end users of their Customized CRM Software allowing BYND Israel to deduct its fees, directly from the proceeds.

Online Marketplace

The New CRM Platform will also include functionality which allows end users to socially share information, in a similar way to users of Waze. If an end user of the New CRM Platform is looking to purchase goods or services, they will 'post' their message and utilizing Big Data and, our New CRM Platform, BYND Israel will be better able to identify clients and resellers who might be able to supply those goods or services and, after a match is made, and if a transaction is consummated, BYND Israel will charge a fee based on a percentage of the transaction value.

Status of Development

BYND Israel has completed the required development work for the New CRM Platform and implementation of the final product has been executed successfully with two of its customers.

BYND Israel's New Cannabis CRM Software Business

Utilizing the knowledge that BYND Israel has developed over the past 20 years in the CRM software space, it has developed the New Cannabis CRM Platform, a new, CRM software platform, which is being designed to serve the unique needs of the medical cannabis sector.

BYND Israel has also developed a new, CRM software platform, designed specifically to serve the unique needs of the medical cannabis sector (our "New Cannabis CRM Platform").

The development of the New Cannabis CRM Platform was initiated with clear objectives aligned with our organizational priorities, as follows:

- Enhance operational efficiency and streamline processes within the cannabis cultivation domain.
- Ensure regulatory compliance and mitigate risks inherent in the industry.
- Improve data-driven decision-making and optimize resource allocation to maximize yield and profitability.

The functionalities of the New Cannabis CRM Platform include:

- Real-time monitoring of environmental conditions.
- Automated control of irrigation and nutrient delivery systems.
- Tracking of inventory levels and batch traceability.
- Generation of customizable reports and analytics powered by BI tools.
- Integration of AI algorithms for predictive analytics and optimization.
- Intuitive user interface design for enhanced usability.
- Seamless integration with IoT sensors and CRM systems.

Medical Cannabis Business

Overview

BYND Israel, through its 74% owned subsidiary BYBY, started to plan the Cannabis Farm and the Indoor Cannabis Growing Facility. BYND Israel's original goal was to leverage the operation of the Cannabis Farm to assist in the development of its New Cannabis CRM Platform. By using data generated by the operation of the Cannabis Farm, including data relating to the growing, harvesting and selling of medical cannabis, BYND Israel will be able to optimize its New Cannabis CRM platform to offer stakeholders a resource which will enhance their businesses.

Recently, Israeli regulations have changed to allow for the import of medical cannabis. In addition, cannabis exports remain prohibited and it is unknown if and when such exports will be legalized. These factors have resulted in lower prices for Israeli grown cannabis and caused the closure of many cannabis farms in Israel. As a result, the Company decided in 2021 to apply for a license to trade in medical cannabis without contact with the substance. This license makes it possible to trade in all types of medical cannabis in any way possible, including import and domestic trade.

As part of the license, the Company contracts with local growers in Israel who grow the products for it and distribute them in pharmacies in exchange for the production and marketing fees, all without the company investing huge sums of money in the construction and operation of growing facilities.

On February 5, 2023, the Company received the license and is working to build a private label of medical cannabis inflorescences for marketing in pharmacies in Israel. This license expired on February 5, 2024, the Company has not decided if to reapply for a new license and will be able to use the license once the MCU approves the extension.

Contactless Business License

Cannasoft Pharma has been granted by the MCU a contactless medical cannabis license on February 5, 2023. This license allows us to sign agreements with other medical cannabis companies in Israel who own cannabis farms, indoor facilities and medical cannabis processing centers in order to purchase from them different cannabis strains as well as processing, packaging, and delivery services to pharmacies in Israel without touching the substance. This license expired on February 5, 2024. The Company has not decided if to reapply for a new license for an additional year.

The Company also was given a EN ISO 9001:2015 Certificate for buying and marketing cannabis or cannabis products without direct contact that expires on August 3, 2025.

Current Status of our Cannabis Farm Facilities

BYND Israel's original goal was to leverage its medical cannabis business to assist in the development of its New Cannabis CRM Platform by using data generated by the operation of the Company's planned cannabis growing facility, including data relating to the growing, harvesting and selling of medical cannabis. However, the Company's board of directors took the decision to suspend activities related to construction of the cannabis growing facility. This decision was taken in light of management's observation of significant negative changes in the medical cannabis market around the world, and particularly in Israel, that have taken place since the time the Company was established, in addition to the lack of funds for the required budget for the construction of the facility, and in light of the ongoing war involving the State of Israel and the proximity of the area designated for cultivation to the border with Gaza.

The Israeli cannabis market has experienced a very significant upheaval in recent years, and most of the negative impact was done to the growing farms considering the opening of cannabis import channels to Israel. As a result, there has been significant consolidation in the growing field and many growing farms

and processing plants have closed, including the oldest growers and producers in Israel. At the same time, the retail prices of medical cannabis in Israel have also dropped significantly, all this leads to economic unfeasibility for building a growing farm and investing enormous resources in its ongoing maintenance. Moreover, the ongoing state of war has severely affected the entire agricultural sector in Israel, especially in areas close to the border with Gaza, such as Moshav Kochav Michael, where the company planned to build the farms, it is currently unknown how long this situation will continue and what the long-term damage and implications will be for the sector.

The Company's board of directors intends to revisit the suspension on April 2025. If the decision is made to proceed with the construction of the cannabis growing facility, the required permits necessary to begin the construction will need to be obtained once the Initial Authorizations have been formally transferred from Dalia Bzizinsky to BYBY. This transfer must be approved by the Israeli Ministry of Health Medical Cannabis Unit which will occur following approval of the Ministry of Agriculture to a change in land designation. BYBY estimates it will cost approximately \$100,000 to complete the permitting process, which costs would be funded from general working capital.

During the last 6 months, we have been reviewing potential acquisition opportunities in the medical cannabis sector, either companies that grow medical cannabis or companies that market medical cannabis. Such acquisitions could be an alternative to proceeding with the Cannabis Farm. However, none of the discussions that commenced with potential targets proceeded to the conclusion of a letter of intent or similar document.

Our new Sensera business

On September 22, 2022, the Company completed its acquisition of Israeli based Zigi Carmel Initiatives & Investments Ltd. through Zigi Carmel we own the Sensera device, a unique, patent-pending device that, combined with proprietary AI software (provisional application), regulates the flow of low-concentration CBD oils into the soft tissues of the female sexual organs. According to research conducted across the globe, treatment with low-concentration CBD oils can relieve candida, dryness, scars, and many other female health issues (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7924206>). Numerous studies have shown CBD interacts with the endocannabinoid system, a master regulatory system with receptors all around the body. By activating these receptors, CBD can have health benefits that help make sex more approachable and pleasurable by reducing stress, enhancing one's mood, promoting body comfort, and treating vaginal issues.

The Company continues to pursue patent application approvals, including the filing of 11 national phase applications in different countries and jurisdictions including Europe, Japan, China and the US. The Company filed "Medical Adult Toy" and "Smart Adult Toy" national phase patent applications in January 2024. We estimate the cost to pursue patent application approvals in all 11 jurisdictions to be \$100,000. The patent approval process follows these steps: filing of an application, examination, publication and approval or rejection of the patent application. The timeline for the patent process from filing to approval varies depending on the jurisdiction (Europe 3-5 years, US and Japan 2-3 years, China up to 2 years). The Company's 'Go to Market' strategic plan is based on combined Business to Business ("B2B") and Business to Consumer ("B2C") sales.

As of the date of this annual report, the Company has:

1. completed the design of the following modules: ergonomic, configuration, concept, industrial design and design for manufacturing;
2. in the hardware space, developed the mainboard of the device, side board, sensors for humidity, heat and heartbeat;
3. in the engineering space, performed proof of concept and industrial design inputs;
4. in the firmware space, developed software design details, system test and configurations;
5. in the user experience/user interface ("UX/UI") space, developed the software and application screens, including the application design and characterization;
6. filed various Patent Cooperation Treaty ("PCT") applications covering mechanical, system logic, and design aspects of the Sensera Device;
7. filed national patent applications in 11 countries, including the USA and countries in the EU;
8. Started production in small quantities; and
9. filed various design applications for the lubricant the capsules in 4 different countries.

The Company also developed the following enhancements for the product:

Unique Pump Design - Efficient Re-source Monitoring: The Sensera features a miniature pump design with liquid flow capabilities precisely tailored to meet the system's requirements.

Suction Mechanism - Navigating Legal Constraints: In response to legal restrictions and guidance from the patent office, we developed a unique vacuum mechanism for the device with a peristaltic pump based on an expired 1911 patent.

Moisture Detection Sensor - Triple Sensor Synergy: Integrating three sensors—motion, liquid amount, and friction detection—was essential for the development of the moisture detection sensor. Their combination allows us to identify friction in relation to the amount of liquid around the product and enhances its functionality.

Pelvic floor games- Training for well-being: Most women face pelvic floor weakness at some point in their life, causing pain and decrease in libido. We identified existing devices (but not combined with vibrators) designed for training and strengthening these muscles, offering a potential solution to enhance users' quality of life. Creating unique training programs make strengthening these muscles enjoyable, encouraging users to persist. Additionally, the programs provide feedback on internal muscles, offering a personalized way to track their progress.

Vaginal Pulse Sensor - Innovative Experience Measurement: We recognized that pulse measurement is a valuable way to assess user experience. It also allows us to confirm the fact that the vibrator is inserted into the body. We developed a pulse sensor specifically designed for the vagina- an innovation not previously explored. To validate its effectiveness, we built an experimental model and conducted successful testing with an experimenter. This experiment confirmed the sensor's suitability for measuring pulse within the vaginal environment, contributing to the products ability to gather more information and to assess the users experience.

Smart Delivery System Potential: The smart delivery system, initially developed here for intimate use, has the potential to extend into other product fields. We identified possibilities in diverse sectors such as cosmetics and sport therapy devices. These areas will require additional research, but we anticipate substantial opportunities for innovation and marketing in these domains.

Sphere Development - Elevating UX/UI Experience: Recognizing the smart nature of both the Sensera product and its accompanying application in development, that in the future will feature machine learning and AI capabilities, we prioritized creating a high-end UX/UI communication experience. The innovative sphere feature serves as a futuristic element, giving as infrastructure preparation for artificial intelligence and machine learning ,modules for implementation in the device (similar to interfaces like SIRI).

The Company produced a first prototype of the Sensera device in the fourth quarter of 2023, and plans to go to market in the second quarter of 2025 and start selling the device worldwide based on patents it will file in different countries.

In order to go to market, the Company needs to test the prototype and commence manufacturing of the Sensera Device. As the initial version of the product will be therapeutical, no regulatory approvals are required; provided that the CBD products used in the device contain a tetrahydrocannabinol (THC) content of lower than 0.03%, the regulations expert engaged by the Company has advised that there is no need to obtain U.S. Food and Drug Administration (FDA) approval.

Patent and Design Applications – Provisional and PCT

Country	Subject	App. No.	Filed	Publication No.	Pub. Date	Status/Next action
Patent Cooperation Treaty	SMART ADULT TOY	PCT/IL2023/050016	05/01/2023	WO2023131950	13/07/2023	National Phase due 6.7.2024 Expiration 20 years from the PCT filing date 1.1.2043 National Phase In Progress
Patent Cooperation Treaty	MEDICAL ADULT TOY	PCT/IL2022/050783	20/07/2022	WO 2023/002485	26/01/2023	Expiration 20 years from the PCT filing date 20/07/2042 Provisional application Deadline for filing PCT or regular applications 7.3.2024
United States of America	FEMALE TREATMENT DEVICE	63/450,503	07/03/2023			Expiration 20 years from the filing date International filing date (PCT)

Medical Adult Toy national patent applications:

Country	App. No.	Our Ref.	Filed	Publication No.	Pub. Date	[Expiry Date]	Status/Next action
United States of America	63/223,822	2813834	20/07/2021				Term Ended
Patent Cooperation Treaty	PCT/IL2022/050783	2864079	20/07/2022	WO 2023/002485	26/01/2023		National Phase entered
China		2994640				[20/07/2042]	Awaiting first Office Action

Australia	2022314317	2994627	20/07/2022			[20/07/2042]	Deadline for requesting examination: Jul 20, 2027
Canada	3,221,838	2994630	20/07/2022			[20/07/2042]	Deadline for requesting examination: Jul 20, 2026
European Patent Office	22845568.9	2994654	20/07/2022	4373454	29/05/2024	[20/07/2042]	Response to EESR sent to associates; awaiting filing confirmation and then Office Action
India	202317083896	2994660	20/07/2022			[20/07/2042]	Awaiting first Office Action
Israel	309183	2994674	20/07/2022			[20/07/2042]	Awaiting first Office Action
Japan	2023-576213	2994680	20/07/2022			[20/07/2042]	Deadline for requesting examination: Jul 20, 2025
New Zealand	806417	2994690	20/07/2022			[20/07/2042]	Deadline for requesting examination: Jul 20, 2027
Republic of Korea	10-2023-7045274	2994700	20/07/2022	15/03/2024		[20/07/2042]	Deadline for requesting examination: Jul 20, 2025
Singapore	11202309414Q	2994714	20/07/2022			[20/07/2042]	Awaiting first communication
United States of America	18/567,766	2994728	20/07/2022	27/06/2024		[20/07/2042]	Response to Office Action filed; awaiting further communication

Smart Adult Toy national patent applications:

<u>Country</u>	<u>App. No.</u>	<u>Our Ref.</u>	<u>Filed</u>	<u>Publication No.</u>	<u>Pub. Date</u>	<u>Next Renewal</u>	<u>Status/Next action</u>
Patent Cooperation Treaty	PCT/IL2023/050016	2906680	05/01/2023	WO2023121950	13/07/2023		National Phase entered
China	202380023895.8	3022281	05/01/2023				Examination in progress; Office Action due: Dec 09, 2024
Australia	2023205476	3022265	05/01/2023			05/01/2027	National Phase entered; Deadline for requesting examination: Jan 05, 2028
Canada	3,247,151	3022272				05/01/2025	National Phase entered; Deadline for requesting examination: Jan 05, 2027
European Patent Office	23737259.4	3022296	05/01/2023	4460280	13/11/2024		Application filed; Expected date for 1st Official Action: Aug 05, 2026
India	202417053599	3022303	05/01/2023				National Phase entered; Deadline for requesting examination: Jan 06, 2026
Israel	314148	3022319	05/01/2023				Application filed; Expected date for 1st Official Action: Jul 06, 2027
Japan	2024-540959	3022320	05/01/2023				National Phase entered; Deadline for requesting examination: Jan 05, 2026
New Zealand	812746	3022331	05/01/2023			05/01/2027	National Phase entered; Deadline for requesting examination: Jan 05, 2028
Republic of Korea	10-2024-7026415	3022340	05/01/2023				National Phase entered; Deadline for requesting examination: Jan 05, 2026

Singapore	11202404709W	3022350	05/01/2023		National Phase entered; Deadline for requesting examination: Jan 06, 2025
United States of America	18/726,930	3022360	05/01/2023		National Phase entered; Expected date for 1st Official Action: Jan 05, 2025

Design Applications

Country	Subject	App. No.	Filed	Design No.	Grant Date	Status/Next action
United States of America	FEMALE TREATMENT DEVICE	35/520,188	11/02/2024			Pre-filed; Expected date for 1st Official Action: Feb 11, 2026
International Design Deposit European Union United Kingdom	FEMALE TREATMENT DEVICE	WIPO144151	11/02/2024	DM/235494	11/02/2024	Registered
China	Lubricant Capsule	202330522171.0	15/08/2023	ZL 202330522171.0	25/06/2024	Registered
United Kingdom	Lubricant Capsule	235655				Registered
International Design Deposit	Lubricant Capsule	WIPO144152	11/02/2024	DM/235655	11/02/2024	Registered
European Union	Lubricant Capsule	WIPO144152	11/02/2024	DM/235655	11/02/2024	Registered
United States of America	Lubricant Capsule	35/520,369	11/02/2024			Allowance

Device overview

Studies suggest that there are a number of benefits associated with the use of CBD as it relates to the enhancement of the female sexual experience. See e.g. “The Relationship between Marijuana Use Prior to Sex and Sexual Function in Women” (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6522945/>); “Assessment of the Association of Cannabis on Female Sexual Function With the Female Sexual Function Index” (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7691883/>); and “Cannabis and Vulvodynia Symptoms: A Preliminary Report” (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7787394/>).

Specifically, we expect the following benefits from the application of CBD through the Sensera device:

Vulvodynia

CBD helps with reducing pain.

We have combined a penetration machine with peristaltic pump to push CBD lube to the vagina.

Vaginismus

CBD helps with reducing pain and muscle contraction.

We have combined penetration machine with changed sizes of silicon cover to train the vagina muscles for penetration while relaxing the muscles with CBD.

Hemorrhoids

CBD may be able to help, thanks to its pain relieving and anti-inflammatory properties.

The rectal insert also heats the rectum and pushes up drooping anal sphincter muscles, thus strengthening the anal muscles.

Pelvic floor Dysfunction

CBD helps with reducing pain combining with sensor pressure to modify and practice pelvic floor muscles

Vaginal Scarring

Bringing heat and promoting circulation to the scar tissue can help make it more pliable when you massage it, we have combined a massager with heating feature.

Candida & Fungal

CBD oil may help candida sufferers manage the condition and overcome the problem of itching skin anti-inflammatory and antipruritic effects.

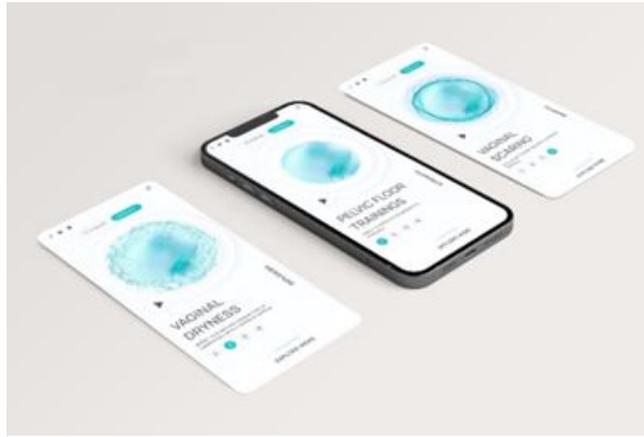
Ovarian cysts

CBD oil may help balance hormones which helps reduce Ovarian cyst growing and helps with balancing insulin levels witch effects cysts as well.

Vaginal Dryness

CBD oil may help increase production of natural lubrication. We have combined penetration machine with peristaltic pump to push CBD lube to the vagina.





Sales and Customers

According to the Brightfield Group, a cannabis industry data research firm, sales of CBD products could reach \$11 billion by 2027 (<https://www.cannabisbusinesstimes.com/article/brightfield-group-estimates-us-cbd-market-growth-dependent-fda-guidance/>). A recent Zion Market Research study indicates the market size of global gynecology devices was worth \$10.8 billion in 2021 and is estimated to exceed \$19.5 billion by 2028 with a compound annual growth rate (CAGR) of approximately 10.3 percent (<https://www.prnewswire.com/news-releases/statistics-on-gynecology-devices-market-size—share-worth-over-usd-19501-20-million-by-2028—exhibit-a-cagr-of-10-30-industry-trends-demand-value-analysis—forecast-report-by-zion-market-research-301601656.html>).

The Company intends to establish a marketing and sales system for the Sensera device. The Company’s ‘Go to Market’ strategic plan is based on combined B2B and B2C sales.

As part of the acquisition of Zigi Carmel, the Company received an independent valuation report from BDO consulting group (Israel) with respect to the pending patents owned by Zigi Carmel. That report concluded that the valuation was USD\$ 34,114,000 as of the date of the acquisition.

As of December 31, 2023 the value of the pending patents was updated to US\$25,301,000.

As of December 31, 2024 the value of the pending patents was updated to US\$17,557,000.

Competition

CRM Software Business

Given that in general, software solutions can be sold globally from anywhere, potentially any producer of CRM software can be viewed as a competitor. However, given BYND Israel’s focus on the Israeli market, its main competitors for that market include SAP SE (“**SAP**”), Oracle Computer Technology Corporation (“**Oracle**”), Salesforce.com, LLC (“**Salesforce.com**”), Pivotal Software Inc. (“**Pivotal**”), Microsoft Corporation (“**Microsoft**”), and Eshbel Technologies (“**Eshbel**”).

SAP and Oracle’s solutions mainly cater to the large business segment. In many instances, BYND Israel’s Benefit CRM Software does not compete directly with SAP and Oracle’s products but rather, is often used in collaboration with SAP and Oracle software, to enhance the effectiveness of their systems for its Israeli based users.

Microsoft, SalesForce.com and Pivotal compete more directly for a share of the Israeli CRM market. Nevertheless, BYND Israel is of the view that its Benefit CRM Software provides a more flexible and effective solution when compared to their CRM products.

Eshbel is perhaps BYND Israel’s most noteworthy competitor, as they are also based in Israel and from time to time, targets some of the same SMB clients as the company. However, Eshbel’s solution (named Priority) can be differentiated from BYND Israel’s Benefit CRM Software, as it is primarily tailored for use by industrial companies whereas the Benefit CRM Software is geared more towards customers in the service sector.

Cannabis CRM Platform

Based on its own research, BYND Israel has found one main competitor for this platform in Israel which is Riosol Ltd. we believe our platform is competitive and can give prospective customers a better value.

Sensera device business

Based on its own research, the Company has not yet found any medical or recreational device that offers or will offer a value proposition similar to that of its Sensera device. As such, the Company expects to be the first company to offer such a solution to the health and recreational products industry.

Employees

As at December 31, 2024, the Company had 6 full-time employees and no part-time employees.

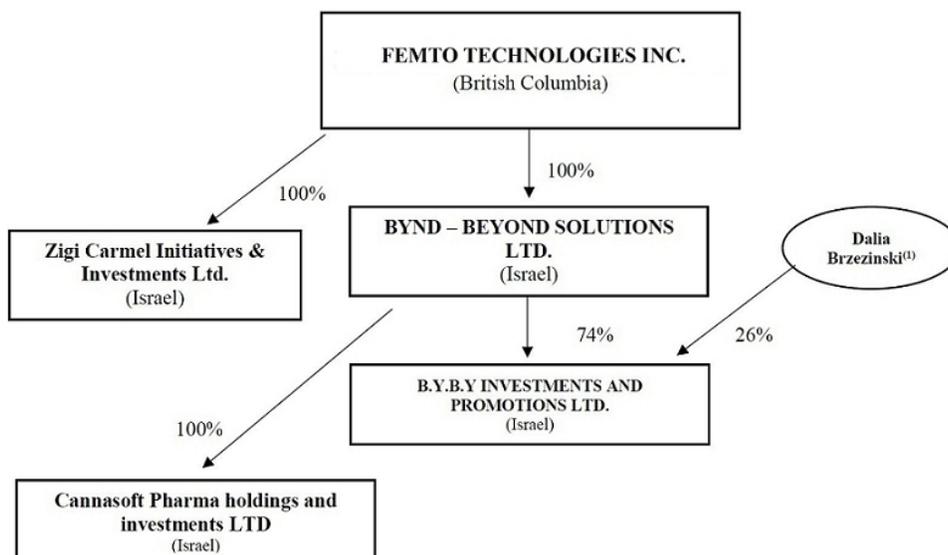
Foreign Operations

The Company’s material operations are located in the State of Israel. Any changes in regulations or shifts in political attitudes in Israel, or other jurisdictions in which the Company has projects from time to time, are beyond the control of the Company and may adversely affect its business. Future development and operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people, and receipt of necessary permits. The effect of these factors cannot be accurately predicted. See *Description of Business - Risk Factors*.

¹[https://www.prnewswire.com/news-releases/statistics-on-gynecology-devices-market-size share-worth-over-usd-19501-20-million-by-2028—exhibit-a-cagr-of-10-30-industry-trends-demand-value-analysis—forecast-report-by-zion-market-research-301601656.html](https://www.prnewswire.com/news-releases/statistics-on-gynecology-devices-market-size-share-worth-over-usd-19501-20-million-by-2028—exhibit-a-cagr-of-10-30-industry-trends-demand-value-analysis—forecast-report-by-zion-market-research-301601656.html)

C. Organizational Structure

The following chart describes the Company’s organizational structure.



D. Property, Plants And Equipment

BYND Israel’s office lease expired on October 30, 2021, and has switched to a month by month lease basis. Its current monthly payments are 4,200 NIS plus VAT.

The address is 7000 Akko Rd., Kiryat Motzkin, 2641400, Israel.

ITEM 4A UNRESOLVED STAFF COMMENTS

Not Applicable

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with our Audited Consolidated Financial Statements for the fiscal years ended December 31, 2024 and 2023 and the notes thereto included under “Item 17”. Unless otherwise indicated, discussion under this Item is based on Canadian dollars and is presented in accordance with International Financial Reporting Standards.

A. OPERATING RESULTS

For the fiscal year ended December 31, 2024, the Company recorded a net loss of \$47,590,257, compared to a net loss of \$18,495,121 in the fiscal year ended December 31, 2023, and had a cash balance as at December 31, 2024 of \$4,617,034 (December 31, 2023 - \$3,113,934).

The following provides an overview of the Company's financial results for the years ended December 31, 2024 and 2023:

Revenue

The Company has derived its revenue from the sources as summarized in the following:

	December 31, 2024	December 31, 2023
Software development	\$ 727,073	\$ 758,307
Software license	165,410	200,593
Software supports	45,513	47,102
Cloud hosting	48,550	59,926
Others	12,293	10,933
	<u>\$ 998,839</u>	<u>\$ 1,076,861</u>

- Revenues during the period were \$998,839 as compared to \$1,076,861 for the same period in 2023. This decrease is mainly a result of decreased revenues from software licenses in the amount of \$35,183 and decreased revenues from software development in the amount of \$31,234, and due to foreign exchange loss between the NIS and \$CAD.

37

- Approximately 67% of our sales during the period and 82% of our sales for the same period in 2023 were to our largest customer and as a result, we are highly dependent on this customer to continue our operating activities.
- Development of the Company's New CRM Platform is now complete and we began to generate revenues from it in 2023.
- Development of the Company's New Cannabis CRM Platform is now complete and is currently being tested at the Weizmann Institute of Science, however, we do not expect to generate revenues from the platform in the foreseeable future.
- The Company's proposed development of a medical cannabis facility is on hold and we do not expect to generate revenues from the sale of cannabis or cannabis infused products from the cannabis facility in the near future.

Cost of Revenue

- Cost of revenues for the period amounted to \$848,137 as compared to \$678,305 for the same period in 2023. This increase is mainly a result of a \$167,701 increase in subcontractors expenses.
- For the fiscal year ended December 31, 2024, the Company's gross margin was 15%, as compared to 37% for the fiscal year ended December 31, 2023.

General and Administrative Expenses, Depreciation, Consulting and Marketing, Share-based compensation, Research and Development and Professional Fees

- For the fiscal year ended December 31, 2024, general and administrative expenses increased to \$1,992,163 from \$1,254,088 for the same period in 2023. The increase was mainly due to a \$693,801 increase in compensation to senior management and directors.
- Professional fees decreased to \$966,718 from \$1,739,430 for the same period in 2023, mainly due to a \$726,039 increase in fees in the area of financial advisory, M&A and corporate finance.
- Consulting and marketing expenses decreased to \$1,094,957 from \$1,387,628 for the same period in 2023 due to a \$1,118,593 decrease in investor relations and public relations as well as digital marketing expenses, partially offset by a \$599,155 increase in Sensera project management and consulting.
- Depreciation and amortization expenses decreased to \$4,187 from \$93,354 for the same period in 2023, mainly due to \$81,406 amortization of our New Cannabis CRM software in 2023.
- Share-based compensation expenses increased to \$3,709,278 from \$343,253 for the same period in 2023 due to higher amounts of RSUs granted to officers and directors of the Company.
- Research and development expenses increased to \$2,582,601 from \$836,833 for the same period in 2023 due to development of the Sensera Device.
- Settlement agreement expenses increased to \$854,984 from Nil for the same period in 2023 due to the settlement agreement with Dalia Bzizinsky.

Other Income (Loss) items

- Foreign exchange gain was \$431,240 compared to a loss of \$76,469 for the same period in 2023, mainly due to gain from term deposits in USD.

- Finance income were \$170,433 income compared with \$314 for the same period in 2023, mainly due interest income from term deposits.
- Change in fair value of derivative warrants liabilities were a loss of \$28,866,166 compared to a gain of \$7,704 for the same period in 2023 due to issuance of warrants on December 2023 and March 2024.
- Impairment losses were \$8,200,336 compared to \$13,142,481 for the same period in 2023 due to impairment of our intangible assets in 2023.
- Change in fair value of settlement agreement derivative were a loss of \$69,955 compared to Nil for the same period in 2023 due to the settlement agreement with Dalia Bzizinsky from May 27, 2024.

Liquidity And Capital Resources

As at December 31, 2024, the Company had a cash balance of \$4,617,034 (December 31, 2023: \$3,113,934).

Item	Year Ended December 31, 2024 (CAD\$)	Year Ended December 31, 2023 (CAD\$)
Cash used in operating activities	(6,552,747)	(3,468,099)
Cash used in investing activities	-	(374,028)
Cash provided by financing activities	7,729,132	4,650,401
Net increase in cash	1,176,385	808,274

- The Company experienced negative cash flows from operating activities during the fiscal year ended December 31, 2024 in the amount of \$6,552,747, primarily due to its net loss of \$47,590,257, partially offset by a \$28,866,166 loss from revaluation of warrants, and a \$3,709,278 in share based compensation. Cash outlays included general business and administrative expenses, consulting fees, business and product development, and professional fees.
 - The Company believes that it will be able to generate sufficient cash flows to maintain its current capacity.
 - On July 19, 2023, the Company issued 1,733,334 Subordinate Voting Shares (537 Subordinate Voting Shares post reverse splits) at a price of US\$1.50 per share following the closing of an underwritten U.S. public offering with gross proceeds to the Company of \$3,424,201, before deducting underwriting discounts and other estimated expenses paid by the Company in the amount of \$405,636, for net proceeds of \$3,018,565.
 - On December 21, 2023, the Company issued 2,884,616 Subordinate Voting Shares (893 Subordinate Voting Shares post reverse splits) at a price of US\$0.52 per share following the closing of a registered direct public offering with gross proceeds to the Company of \$1,996,650, before deducting underwriting discounts and other estimated expenses paid by the Company in the amount of \$319,464, for net proceeds of \$1,677,186.
- The offering was for the sale of 2,884,616 units (893 units post reverse splits), each consisting of one Subordinate Voting Share and one warrant to purchase one Subordinate Voting Share at an exercise price of US\$0.52.
- On March 14, 2024, the Company announced the closing of a firm commitment underwritten U.S. public offering with gross proceeds to the Company of approximately US\$7,000,000 (9,458,400), before deducting underwriting discounts and other estimated expenses payable by the Company. The base offering consisted of 116,666,667 units (36,120 units post reverse splits), each consisting of one Subordinate Voting Share and three Subordinate Voting Share purchase warrants, at a price to the public of US\$0.06 per unit. The Company intends to use the net proceeds from this offering primarily for product design and manufacturing of the Sensera Device, sales and marketing campaigns, patent prosecution and working capital.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

CRM Business

The Company's fully owned subsidiary BYND - Beyond Solutions Ltd. ("**BYND Israel**"), a corporation incorporated under the laws of the State of Israel, develops and markets customer relationship management (CRM) software products that enable small and medium sized enterprises (SMEs) to optimize day to day functions such as sales management, workforce management, contact center operations and asset management. BYND Israel currently offers a proprietary CRM software product known as "*Benefit CRM*" (our "**Benefit CRM Software**") to its customers. Over the last 3 years, BYND Israel has been developing the next generation of its Benefit CRM Software (our "**New CRM Platform**"), which will be cloud based and will include many new features and enhancements.

BYND Israel has also developed of a new, CRM software platform, designed specifically to serve the unique needs of the medical cannabis sector (our "**New Cannabis CRM Platform**")."

For more information refer to Item 4B – Business Overview

D. TREND INFORMATION

Refer to Section A above – Operating Results

E. CRITICAL ACCOUNTING ESTIMATES

Management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of these consolidated financial statements requires management to make estimates and assumptions for the reported amounts of assets, liabilities, revenue, expenses and related disclosures. Our estimates are based on our historical experience and on various other factors that management believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets out, for each of the Company's directors and executive officers, the person's name and age, position with the Company, date elected or appointed, principal occupation for the last five years and. Directors are expected to hold office until the next annual general meeting of shareholders and are elected annually and, unless re-elected, retire from office at the beginning of the next annual general meeting of shareholders.

Name, Age, Position(s) with the Company	Date Elected or Appointed (mm/dd/yy)	% of Time to be Devoted Company	Principal Occupation or Employment for the Past Five Years
Marcel (Moti) Maram, 67 President and Director	03/29/21	100%	President at Femto Technologies and former CEO at BYND Israel.
Yftah Ben Yaackov, 46 CEO and Director	03/29/21	100%	CEO at Femto Technologies
Avner Tal, 62 VP Sales & Marketing, CTO and Director	03/29/21	100%	Acting CEO, Chief Technology Officer and Vice President - Sales & Marketing at BYND Israel.
Gabi Kabazo, 52 Chief Financial Officer, Director and Corporate Secretary	03/29/21	100%	CFO at Femto Technologies
Stefania Szabo, 52 ⁽¹⁾ Director	06/23/21	5%-10%	VP, HR and Organizational Development with JESSON + Company Communications Inc.
Harold Wolkin, 73 ⁽¹⁾⁽²⁾ Director	03/29/21	5%-10%	Retired Investment Banker and Senior Executive, currently acting as an independent director of three public companies.
Niv Shirazi, 28 ⁽¹⁾ Director	02/24/22	5%-10%	Chief Operating Officer with H.N. Win Ltd.
Carmel Zigdon, 28 Director	9/22/22	5%-10%	Manager at ZCRAVE.com
Mor Bzizinsky, 38 Director	02/08/24	5%-10%	Attorney in Private Practice

(1) Member of the Audit Committee

(2) Audit Committee Chair

Directors and Executive Officers – Biographies

A description of the principal occupation for the past five years and summary of the experience of the directors and executive officers of the Company is as follows:

Marcel (Moti) Maram, President and Director

Mr. Maram was the CEO and co-founder of BYND Israel until his retirement on December 31, 2023 and is a director and President of the Company. Mr. Maram graduated high school as an electronics technician. After completing his mandatory military service in the Israeli army in 1978, Mr. Maram served in the Air Force branch of the Israeli Defence Forces (IDF) until 1984. As part of an IDF mission, Mr. Maram completed additional training in electronics and computer systems with several companies in the Italy and the United States including GTA Telecomunicazioni S.P.A., ITT North Electric Company, Timeplex, LLC, the Univac division of Sperry Corporation and in Israel with Taderan Holdings, Telrad Networks and the Rad-Bynet Group. After completing his service with the IDF, he worked at Exatec, Israel's first manufacturer of PC compatible computers. In 1986, he co-founded MDA Electronics with Avner Tal, to provide services to Exatec. In 2000, he and Avner co-founded BYND Israel.

Yftah Ben Yaackov, Chief Executive Officer and Director

Mr. Ben Yaackov is the CEO of the Company. Mr. Ben Yaackov is also a practicing attorney in Israel for 15 years. Mr. Ben Yaackov received his law degree from Shar'arei Mishpat College (now The Academic Centre for Law and Science) in 2005. After graduating, he began his legal career as an intern with Avitan Ben-Shimol Yekutiel in Jerusalem. He then established his own law practice in Askelon, representing both privately held and publicly traded companies, with a focus on real estate. More recently, he began advising companies on Israeli Cannabis Laws.

Over the past three years, Mr. Ben Yaackov provided legal and consulting advice to two medical cannabis companies, based in Israel and was involved in virtually every aspect of the development of their respective business. One of these clients now successfully manufactures and distributes cannabis infused medical products. Mr. Ben Yaavkov assisted the other throughout the entire process of planning, developing, licensing and commencing operations of a medical cannabis farm.

From September 2019 - January 2021, Mr. Ben Yaackov also served as a director of Property and Building Corporation Ltd., one of Israel's oldest and largest real estate investment companies listed on the Tel Aviv Stock Exchange (TASE) and is included in both the TA-100 and TA-75 stock indices.

Avner Tal, VP Sales & Marketing, Chief Technology Officer and Director

Mr. Tal is the acting CEO, as well as CTO and co-founder of BYND Israel and is a director, VP Sales & Marketing and CTO of the Company. In the 1980s Mr. Tal attended college in Ort Bialik, where he studied electronics. Upon graduation he served with the Israeli Navy branch of the IDF and was part of a team which developed new missile systems and related technologies. As part of his permanent military service in the Navy, he worked on a project involving the assimilation of optical fibers developed by the Fibronix Company. After he retired from the permanent army, Marcel (Moti) Maram (whom Mr. Tal had met while serving in the IDF) recruited Mr. Tal to join him at Exatech. Together, they helped develop the first computer in the world to implement the Microsoft MS-DOS operating system as well as the first computer which could be connected through a network. In 1986 he and Mr. Maram co-founded MDA Electronics and in 2000, they co-founded BYND Israel.

Gabi Kabazo, Chief Financial Officer and Director

Mr. Kabazo, a director, CFO and audit committee member of the Company, is a seasoned finance and operations professional with over 20 years' experience supporting accounting, financing and IT operations in complex corporate settings. Since 2009 to June 2023, Mr. Kabazo has been with TELUS Telecommunications Company and in his last role since 2018 held the title of Sr. Strategy Manager, Environment Management, Shared Services, Business Transformation & Operations. From 2002-2011 he served as CFO for m-Wise Inc. (OTCBB:MWIS). From 2000-2002 served as Controller for On Track Innovations Ltd. (OTCQX:OTIVF). Mr. Kabazo received a B.A. in Accounting & Economics from Tel Aviv University in 1997 and earned his C.P.A. (Israel) designation in 1999. In 2006 he earned an MBA (Financing) from the University of British Columbia, Sauder School of Business.

Stefania Szabo, Director and Member of Audit Committee

Dr. Szabó, a director and audit committee member of the company, is a government services, management, international business and public relations professional with more than 25 years of experience in all areas of bilateral and multilateral relationship management, diplomacy, trade and HR. She has developed expertise through communication, negotiation and mediation between European and Canadian government networks to promote economic and trade values as well as representing government, business and community interests.

Niv Shirazi, Director and Member of Audit Committee

Niv Shirazi, a director and audit committee member of the company, is a business professional with strong financial acumen. Since 2018, Mr. Shirazi serves as Chief Operating Officer with H.N. Win Ltd., an Israeli real estate firm. Mr. Shirazi received a B.A. in Business Administration and Accounting from the Ono Academic College in Kiryat Ono, Israel.

Harold Wolkin, Director and Chair of Audit Committee

Harold Wolkin, a director chair of the audit committee, is an accomplished investment banker and financial analyst (retired) with over 30 years of experience. In 1983, Mr. Wolkin joined BMO Nesbitt Burns as a senior research analyst. Mr. Wolkin went on to serve as managing director in the Diversified Industries Group of BMO Capital Markets from August 1983 to January 2008. He represented BMO Nesbitt Burns as a lead underwriter for a number of Canada's largest equity offerings from 1992 to 2008. He was also responsible for the origination and the successful marketing of a large number of initial public offerings and equity financings for a wide range of issuers.

Most recently, Mr. Wolkin served as Executive Vice-President and Head of Investment Banking for Dundee Capital Markets. Since 2004, he has also served on a number of public company boards and not-for-profit organizations. He currently serves as: (i) a director, audit committee chair and Vice Chair of the Board of Baylin Technologies Inc. (TSX:BYL), (ii) director and audit committee chair of Cipher Pharmaceuticals Inc. (TSX:CPH), and (iii) a director of Range Energy Resources Inc. (CSE:RGO.X). He was also President of the CFA Society of Toronto, a member of the Chartered Financial Institute since 1980 and is a certified chartered financial analyst. He received a Bachelor of Arts in Economics from York University and a Masters of Arts in Economics and Finance from the University of Toronto. Mr. Wolkin is also a graduate and a member of the Institute of Corporate Directors.

Carmel Zigdon, Director

Carmel Zigdon has been a director since September 2022. He is a business professional with strong skills in the fields of marketing and online sales, is the inventor of the Sensera device and the founder of Zigi Carmel Initiatives & Investments Ltd. Since 2018, he has served as the online shopping manager of ZCRAVE.com, an online clothes store generating revenues in the millions of US\$ per year.

Mor Bzizinsky, Director

Mor Bzizinsky has been a director since February 2024. She received a B.A. in Law and Economics from the College of Management in Rishon LeZion, Israel. She has been an attorney since 2012, and owns and manages a private law practice and she has experience in managing projects in the agriculture industry and has vast knowledge and experience working with the Medical Cannabis Unit.

B. Compensation

The Company does not have a formal compensation program. The Board will meet to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other companies in the industry to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account any constraints that the Company is under with respect to earnings.

The Company came into existence on March 29, 2021, through the Amalgamation. As a result, executive compensation data exist only for the period from that date.

The following table sets forth information with respect to the executive compensation for the most recent three fiscal years.

Table of Compensation, Excluding Compensation Securities

Stock Options and Other Compensation Securities

The following table discloses all anticipated compensation securities the Company has granted to date to each of its executive officers and Directors:

Table of Compensation, Excluding Compensation Securities

Name and position	Year	Salary, consulting fee, retainer, commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Marcel (Moti) Maram President and Director	2024	111,111	Nil	Nil	Nil	Nil	111,111
	2023	243,509	Nil	Nil	Nil	Nil	243,509
Yftah Ben Yaackov CEO and Director	2022	365,461	Nil	Nil	Nil	Nil	365,461
	2024	545,063	341,775	Nil	Nil	Nil	886,838
Avner Tal VP Sales & Marketing, Chief Technology Officer and Director	2023	365,062	198,390	Nil	Nil	Nil	563,452
	2022	262,774	Nil	Nil	Nil	Nil	262,774
Gabi Kabazo Director and CFO	2024	275,908	Nil	Nil	Nil	Nil	275,908
	2023	251,671	Nil	Nil	Nil	Nil	251,671
	2022	370,595	Nil	Nil	Nil	Nil	370,595
	2024	346,302	67,910	Nil	Nil	Nil	414,212
	2023	252,687	34,059	Nil	Nil	Nil	286,746
	2022	143,500	Nil	Nil	Nil	Nil	143,500

Compensation Securities

Name and position	Type of Compensation Security	Number of compensation securities, number of underlying securities	Date of issue or grant	Issue, conversion or exercise price (\$)	Expiration date
Marcel (Moti) Maram President and Director	-	-	-	-	-
Yftah Ben Yaackov CEO and Director	-	-	-	-	-
Avner Tal VP Sales & Marketing, Chief Technology Officer and Director	-	-	-	-	-
Gabi Kabazo Director and CFO	-	-	-	-	-
Stefania Szabo ⁽¹⁾ Director	RSU	3,427	April 7, 2024	\$ 1.03	April 7, 2025
Harold Wolkin ⁽¹⁾⁽²⁾	RSU	4,283	April 7, 2024	\$ 1.03	April 7, 2025

- (1) Member of Audit Committee
- (2) Chair of Audit Committee

Stock Option Plan

The Company has a Stock Option Plan in place. Currently, 46 options have been granted under the Plan to certain directors, officers and consultants. See “*Options and Other Rights to Purchase Securities*”.

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of Subordinate Voting shares that may be subject to option at any one time may not exceed 30% of the issued Subordinate Voting shares of the Company as of that date, including options granted prior to the adoption of the plan. The exercise price of these options shall not be less than that permitted under the rules of any stock exchange or exchanges on which the Shares are then listed. Disinterested shareholder approval shall be obtained by the Company prior to any reduction to the exercise price if the affected optionee is an insider (as defined in the *Securities Act* (British Columbia) of the Company at the time of the proposed amendment.

The Company may, but shall not be obligated to, offer an optionee the right (the “**Cashless Exercise Right**”), in lieu of the right to exercise a specific Option, to terminate such Option in whole or in part by notice in writing delivered to the Company electing to exercise the Cashless Exercise Right and, in lieu of receiving the number of Shares to which such terminated Option relates, to receive the number of Shares, disregarding fractions, which is equal to the quotient obtained by:

- (i) subtracting the exercise price per Share under such terminated Option from the VWAP per Share and multiplying the difference by the number of Shares that could have been purchased under such terminated Option; and
- (ii) dividing the product obtained above by the VWAP per Share.

“**VWAP**” means the volume weighted average trading price of the Shares on the stock exchange on which the Shares then principally trade (as determined by the Board) calculated by dividing the total value of the Shares traded by the total volume of the Shares traded over the five trading days immediately preceding the applicable date. Where appropriate, internal crosses and certain other special trades may be excluded from the calculation as determined by the Board.

Exercise of the Cashless Exercise Right, in each instance, is conditional upon consent of the Company, and the Board will not be obliged to allow for use of the Cashless Exercise Right or to provide reasons for not allowing use thereof.

Employment, Consulting and Management Agreements

Other than a consulting agreement with Yftah Ben Yaackov, the Company has not entered into any formal written employment agreements with any of its executives. Nevertheless, the Company and BYND Israel have agreed to enter into employment agreements with each of the following executives on the following terms:

- **Marcel (Moti) Maram** will serve as President of the Company until his employment agreement is terminated in accordance with the terms set forth therein. Mr. Maram will be entitled to an initial annual base salary of \$140,400 and will thereafter be subject to annual review. Mr. Maram will also be eligible for bonuses and the granting of options, at the Board’s discretion. See “*Options and Other Rights to Purchase Securities*”.

- **Yftah Ben Yaackov** will serve as Chief Executive Officer of the Company until his employment agreement is terminated in accordance with the terms set forth therein. On June 29, 2021, the company entered into a consulting agreement with Mr. Yftah Ben Yaackov which provides *inter alia* that the Corporation will pay Mr. Ben Yaackov a consulting fee of \$18,400 per month, for a period of 10 months; Since April 1, 2022 his compensation has changed to \$250,000 annual salary. Since April 1, 2023 his compensation has changed to US \$300,000 annual salary. Since April 1, 2024 his compensation has changed to US \$405,000 annual salary. Mr. Ben Yaackov will also be eligible for bonuses and the granting of options, at the Board’s discretion. See “*Options and Other Rights to Purchase Securities*”.

- **Avner Tal** will serve as VP Sales & Marketing and Chief Technology Officer of the Company until his employment agreement is terminated in accordance with the terms set forth therein. Mr. Tal will be entitled to an initial annual base salary of \$140,400 and will thereafter be subject to annual review. Mr. Tal will also be eligible for bonuses and the granting of options, at the Board’s discretion. See “*Options and Other Rights to Purchase Securities*”.

Termination of Employment, Change of Control Benefits and Employment Contracts

Each of the employment agreements with each of Marcel (Moti) Maram, Avner Tal and Yftah Ben Yaackov will provide *inter alia* that:

- if the employee’s employment with the Company and BYND Israel, is terminated without cause, or
- if the employee elects to terminate his employment with the Company and BYND Israel in the event there has been a “substantial breach” by the Company or BYND Israel (including wrongful dismissal) or if there has been a change of control of the Company or BYND Israel, then such terminated employee will be entitled to severance payments equal to one-twelfth of the his then base salary plus coverage for any benefits to which he may be entitled pursuant to any benefit plan, for the lesser of: (i) twelve months, or (ii) until the such employee finds new employment.

No benefits will accrue to any of the Company's other NEOs, officers, employees or directors upon their termination, or upon any change of control of the Company, except as may be required by applicable law.

Director Compensation

There are no current plans for non-independent directors to receive any fees or other compensation for acting as directors or for serving on any board committees, except that non-independent directors are entitled to participate in the Stock Option Plan, in such individual amounts as the Board may determine from time to time.

Compensation to the independent directors is paid as an annual fee for serving as directors and for serving on board committees, however the independent directors may choose to receive their compensation in restricted share units instead of cash. In addition, independent directors are entitled to: (i) participate in the Stock Option Plan in such individual amounts as the Board may determine from time to time, and (ii) reimbursement for out-of-pocket expenses incurred on behalf of or in providing services as a director for the Company.

Table of Compensation, Excluding Compensation Securities

Name and position	Year	Salary, consulting fee, retainer, commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Harold Wolkin Director	2024	106,521	Nil	Nil	Nil	Nil	106,521
	2023	60,833	Nil	Nil	Nil	Nil	60,833
	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2024	92,123	Nil	Nil	Nil	Nil	92,123
Stefania Szabo Director	2023	59,457	Nil	Nil	Nil	Nil	59,457
	2022	35,625	Nil	Nil	Nil	Nil	35,625
	2024	10,997	Nil	Nil	Nil	Nil	10,997
Niv Shirazi Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2024	164,509	Nil	Nil	Nil	Nil	164,509
Carmel Zigdon Director	2023	81,616	Nil	Nil	Nil	Nil	81,616
	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2024	Nil	Nil	Nil	Nil	Nil	Nil
Mor Bzizinsky Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2024	Nil	Nil	Nil	Nil	Nil	Nil

C. Board Practices

The Company's Board practices are governed by CSA National Policy 58-201 - *Corporate Governance Guidelines*. Each of the Company's directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

NP 58-201 establishes corporate governance guidelines which apply to all public companies. The Company will review its own corporate governance practices in light of these guidelines. In accordance with CSA National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Company's proposed corporate governance practices are summarized below. The Board of Directors will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

Board of Directors

The Company's Board of Directors is composed of nine directors – Marcel (Moti) Maram, Avner Tal, Yftah Ben Yaackov, Gabi Kabazo, Stefania Szabo, Niv Shirazi, Carmel Zigdon, Mor Bzizinsky and Harold Wolkin. The Board facilitates its exercise of independent supervision over management by ensuring sufficient representation by directors independent of management.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary. Stefania Szabo, Nir Shirazi, Mor Bzizinsky and Harold Wolkin can each be considered to be "independent" within the meaning of NI 58-101. Marcel (Moti) Maram, by reason of being President and a significant shareholder, Avner Tal, by reason of being VP Sales & Marketing, CTO and a significant shareholder, Yftah Ben Yaackov, by reason of being CEO and a significant shareholder, and Gabi Kabazo, by reason of being CFO, cannot be considered to be "independent" within the meaning of NI 58-101.

The independent directors will meet separately from the non-independent directors, as determined necessary from time to time, in order to facilitate open and candid discussion among the independent directors. No separate meetings of the independent directors have been held to date. It is expected that Yftah Ben Yaackov, a non-independent director, will act as the chairman with respect to the conduct of Board meetings. Given the Company's relatively small size and start-up nature, the Board is satisfied as to the extent of independence of its members. The Board is satisfied that it is not constrained in its access to information, in its deliberations, or in its ability to satisfy the mandate established by law to supervise the business and affairs of the Company, and that there are sufficient systems and procedures in place to allow the Board to have a reasonable degree of independence from day-to-day management.

Board Mandate

The Board does not presently have a written mandate describing how the Board delineates its role and responsibilities. The size of the Company is such that all of its operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors have regular and full access to management. Further supervision is performed through the Company's Audit Committee which is composed of a majority of independent directors who meet with the Company's auditors without management being in attendance.

Position Descriptions

The Board has not developed written position descriptions for the chairman with respect to the conduct of Board meetings, or for the chair of any committees. The chairman's role and responsibilities in each instance include reviewing notices of meetings, overseeing meeting agendas, conducting and chairing meetings in accordance with good practices, and reviewing minutes of meetings.

The CEO's general roles and responsibilities are commensurate with the position of CEO of a technology and medical cannabis company comparable in size to the Company include overseeing all operations of the Company and developing and devising the means to implement general strategies for the direction and growth of the Company as instructed by the Board.

Orientation and Continuing Education

Each new director is given an outline of the nature of the Company's business, its corporate strategy, and current issues within the Company. New directors are encouraged to review the Company's public disclosure records and are also required to meet with management of the Company to discuss and better understand the Company's business and are given the opportunity to meet with counsel to the Company to discuss their legal obligations as directors of the Company.

In addition, management of the Company will take steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole. The Company's legal counsel continually reviews the latest securities rules and policies. Any changes or new requirements are brought to the attention of the Company's directors and management.

Ethical Business Conduct

The Board has not established a Corporate Governance Committee, but plans to do so in the future. As some of the Company's directors also serve as directors and officers of other companies engaged in similar business activities, the Company's directors must comply with the conflict of interest provisions of applicable corporate law, as well as the relevant securities regulatory instruments, in order to ensure that they exercise independent judgment in considering transactions and agreements in respect of which they may have a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

The Board intends to adopt a code of ethical conduct policy pursuant to the requirements of NP 58-201. The full text of this policy will be posted for review under the Company's profile on SEDAR at www.sedar.com on or soon after the Listing Date and may be obtained free of charge upon request to the Company by email to gabi@cannasoft-crm.com

Nomination of Directors

The Company's management is continually in contact with individuals involved with public sector issuers. From these sources management has made numerous contacts and in the event that the Company requires any new directors, such individuals will be brought to the attention of the Board. The Company conducts due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, integrity of character and a willingness to serve.

Governance, Nominating and Compensation Committee

The board of directors of the Company has established a Governance, Nominating and Compensation Committee to assist the Board. The Committee shall consist of at least (2) directors, each of whom shall be independent unless otherwise required by security regulation. The Committee shall meet at least annually, or more frequently as required.

The Company's Governance, Nominating and Compensation Committee is comprised of Stefania Szabo (chair) and Harold Wolkin.

The Committee's overall mandate is:

- to assist the Board in establishing and maintaining a sound system of corporate governance through a process of continuing assessment and enhancement;

- to review and propose nominees for the Board of Directors, and
- to assist the Board in discharging its duties relating to compensation of the executive officers of the Company.

Governance & Nominating Duties & Responsibilities

The Committee's duties and responsibilities with respect to governance and nominating matters are:

- to advise the Chairman of the Board and the Board of directors on matters of corporate governance, including adherence to any governance guidelines or rules established by applicable regulatory authorities;

47

- to ensure the Board has the proper mix and number of directors, and mix of director skills and experience needed to ensure effective governance, and where necessary, to identify and recommend to the Board suitable candidates for nomination as new directors;
- to advise the Board on issues of conflict of interest for individual directors;
- to examine the effectiveness of the Company's corporate governance practices at least annually and to propose such procedures and policies as the Committee believes are appropriate to ensure that the Board functions independently of management, management is accountable to the Board and procedures are in place to monitor the effectiveness of performance of the Board, committees of the Board and individual directors;
- to develop and conduct an annual Board self-evaluation process;
- to develop and review with the Board annual Board goals or improvement priorities;
- with assistance of management, to organize and provide an orientation program for new directors where appropriate;
- to periodically review the mandates of the Board and committees of the Board and determine what additional committees of the Board, if any, are required or appropriate;
- to develop such codes of conduct and other policies as are appropriate to deal with the confidentiality of the Company's information, insider trading and the Company's timely disclosure and other public Company obligations; and
- to take such other steps as the Committee decides are appropriate, in consultation with the Board, to ensure that proper corporate governance practices are in place for the Company, with reference to industry recommendations and other regulatory requirements on corporate governance.

Compensation Duties and Responsibilities

The Committee's overall objective respect to compensation matters, is to enable the Company to attract, retain and motivate talented employees who will contribute to the long term success of the Company, by aligning compensation with market conditions, Company performance, and the interest of shareholders to maximize shareholder value.

The Committee's duties and responsibilities with respect to compensation matters are:

- to review and approve corporate goals and objectives;
- to review the compensation of the Chief Executive Officer and to make recommendations to the Board with respect to the CEO's compensation level;
- to make recommendations to the Board with respect to the compensation of other senior management and executive officers of the Company;
- to review the compensation and benefits of the directors and to ensure that such compensation reflects the responsibilities and risks involved in being a director;
- to review and make recommendations to the Board as to the general compensation and benefits policies and practices of the Company, including incentive stock options for all employees, consultants, directors and officers;

48

- to review and approve the disclosure to be made of director and executive remuneration in the Management Information Circular;
- to ensure there are appropriate training, development and benefit programs in place for management and staff;
- to review and make recommendation to the Board for its approval on any special compensation and benefit arrangements;

- to review its compensation practices by comparing them to surveys of relevant competitors and to set objective compensation based on this review; and
- to perform such other functions as the Board may from time to time assign to the Committee.

General Duties and Responsibilities

- to review its charter and assess annually the adequacy of this mandate, the effectiveness of its performance, and to recommend changes to the Board for its approval.

Audit Committee

The Company currently has only one committee. Pursuant to CSA National Instrument 52-110 - *Audit Committees* and the relevant provisions of the *BCBCA*, the Company is required to have an Audit Committee comprised of at least three directors, the majority of whom must not be officers or employees of the Company. The Company's Audit Committee is comprised of Harold Wolkin (chair), Stefania Szabo and Niv Shirazi.

A member of the Audit Committee is considered to be "independent" if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment; and generally includes any member of management or significant shareholder. Each of Harold Wolkin, Niv Shirazi and Stefania Szabo are considered to be independent.

A member of the Audit Committee is considered "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company. All members are considered to be financially literate.

Relevant Education and Experience

The following is a summary of the relevant education and experience of each Audit Committee member:

Harold Wolkin (chair) is an accomplished investment banker and financial analyst with over 30 years of experience. Mr. Wolkin has held senior positions with several investment banks and has been responsible for the origination and the successful marketing of a large number of initial public offerings and equity financings for a wide range of issuers. He currently serves as: (i) a director, audit committee chair and Vice Chair of the Board of Baylin Technologies Inc. (TSX:BYL), (ii) director and audit committee chair of Cipher Pharmaceuticals Inc. (TSX:CPH), and (iii) a director of Range Energy Resources Inc. (CSE:RGO.X). He was also President of the CFA Society of Toronto, has been a member of the Chartered Financial Institute since 1980 and is a certified chartered financial analyst. Mr. Wolkin also received a Bachelor of Arts in Economics from York University and a Masters of Arts in Economics and Finance from the University of Toronto. Mr. Wolkin is also a graduate and a member of the Institute of Corporate Directors.

Stefania Szabo is a government services, management, international business and public relations professional with more than 25 years of experience in all areas of bilateral and multilateral relationship management, diplomacy, trade and HR. She has developed expertise through communication, negotiation and mediation between European and Canadian government networks to promote economic and trade values as well as representing government, business and community interests.

Niv Shirazi is a business professional with strong financial acumen. Since 2018, Mr. Shirazi serves as Chief Operating Officer with H.N. Win Ltd., an Israeli real estate firm. Mr. Shirazi received a B.A. in Business Administration and Accounting from the Ono Academic College in Kiryat Ono, Israel.

Audit Committee Charter

The Audit Committee must operate pursuant to the provisions of a written charter, which sets out its duties and responsibilities. The following is a summary of such charter:

1. Mandate. The audit committee will assist the Board in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company's business, operations and risks.

2. Composition. The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors. A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

3. Meetings. The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities. The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- review and recommend to the Board the compensation to be paid to the external auditors; and
- review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 Internal Control

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

- review significant accounting and financial reporting issues, especially complex, unusual and related party transactions;
- review and ensure that the accounting principles selected by management in preparing financial statements are appropriate;
- review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered;
- review management's discussion & analysis respecting the annual reporting period prior to its release to the public;
- review and approve the interim financial statements prior to their release to the public;
- review management's discussion & analysis respecting the interim reporting period prior to its release to the public; and
- where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority - The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services - The audit committee may satisfy the requirement for the pre-approval of non-audit services if:

- the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
- the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures - The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

- the pre-approval policies and procedures are detailed as to the particular service;
- the audit committee is informed of each non-audit service; and
- the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 Other Responsibilities

The audit committee shall:

- establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;

- establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;

- ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- review the policies and procedures in effect for considering officers' expenses and perquisites;
- perform other oversight functions as requested by the Board; and
- review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 Reporting Requirements

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee. The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- engage independent counsel and other advisors as it determines necessary to carry out its duties;
- set and pay the compensation for any advisors employed by the audit committee; and
- communicate directly with the internal and external auditors.

Assessments

Neither the Company nor the Board of Directors has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business and other strengths of the individual and the purpose of originally nominating the individual to the Board.

Differences between the BCBCA and Nasdaq Requirements

As a British Columbia corporation listed on Nasdaq, we are not required to comply with certain Nasdaq corporate governance standards. Section 5615(a)(3) of the Nasdaq Stock Market Rules permits Nasdaq to grant exemptions to a foreign private issuer for certain provisions of the Rule 5600 series, Rule 5250(b)(3) and Rule 5250(d). We are organized under the laws of British Columbia, Canada. We comply with the applicable laws of Canada, including rules related to corporate governance practices. We are no longer listed on the CSE since our voluntary delisting became effective March 14, 2024. We have elected to follow British Columbia practices in lieu of the requirements of Nasdaq Rule 5600 with the exception of those rules which are required to be followed pursuant to the provisions of Nasdaq Rule 5615(a)(3). A description of the significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies pursuant to the Nasdaq Stock Market Rules is as follows:

- **Distribution of periodic reports to shareholders; proxy solicitation.** As opposed to the Nasdaq Stock Market rules, which require listed issuers to make such reports available to shareholders in one of a number of specific manners, Canadian law does not require us to distribute periodic reports directly to shareholders, and the generally accepted business practice in Canada is not to distribute such reports to shareholders but to make such reports available through a public website. In addition to making such reports available on a public website, we currently make our audited financial statements available to our shareholders at our offices and will only mail such reports to shareholders upon request.
- **Quorum.** Under applicable Canadian law, a company is entitled to determine in its articles of association the number of shareholders and percentage of holdings required for a quorum at a shareholders meeting. Our articles of association provide that a quorum of is at least one person who is, or who represents by proxy, two or more shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting, is required for commencement of business at a general meeting. However, the quorum set forth in our articles of association with respect to an adjourned meeting, if no quorum is present within half an hour of the time arranged, consists of at least two shareholder present in person or by proxy.

- **Nomination of our directors.** With the exception of directors elected by our Board of Directors, our directors are elected by an annual meeting of our shareholders to hold office until the next annual meeting following one year from his or her election. The nominations for directors, which are presented to our shareholders by our Board of Directors, are generally made by the Board of Directors itself, in accordance with the provisions of our articles of association and the Companies Law. Nominations need not be made by a nominating committee of our Board of Directors consisting solely of independent directors, as required under the Nasdaq Stock Market rules.
- **Compensation of officers.** Canadian law and our articles of association do not require that the independent members of our Board of Directors (or a compensation committee composed solely of independent members of our Board of Directors). Instead, compensation of executive officers is determined and approved by our compensation committee and our Board of Directors.
- **Independent directors.** Canadian law does not require that a majority of the directors serving on our Board of Directors be "independent," as defined under Nasdaq Listing Rule 5605(a)(2).

Audit Committee. We are required, however, to ensure that all members of our Audit Committee are “independent” under the applicable Nasdaq and SEC criteria for independence (as we cannot exempt ourselves from compliance with that SEC independence requirement, despite our status as a foreign private issuer), and we must also ensure that a majority of the members of our Audit Committee are “independent directors” as defined in Canadian Securities Administrators National Instrument 52-110 “*Audit Committees*”. Furthermore, Canadian law does not require, nor do our independent directors conduct, regularly scheduled meetings at which only they are present, which the Nasdaq Stock Market rules otherwise require.

- **Approval of Related Party Transactions.** All related party transactions are approved in accordance with the requirements and procedures for approval of interested party acts and transactions as set forth in applicable Canadian Securities Laws, which requires the approval of shareholders, as may be applicable, for specified transactions.

Shareholder Approval. Pursuant to the Nasdaq Stock Market Rules, a company must receive prior shareholder approval for transactions involving: (1) the sale, issuance or potential issuance by a listed company of its Subordinate Voting stock (or securities convertible into or exercisable for its Subordinate Voting stock) (i) at a price less than the greater of book value or market value, and (ii) which together with sales by officers, directors, or substantial stockholders, is equal to 20% or more of the company’s shares of Subordinate Voting stock or 20% or more of the voting power outstanding before the issuance; or (2) the sale, issuance or potential issuance by a listed company of Subordinate Voting stock (or securities convertible into or exercisable Subordinate Voting stock) (i) at a price less than the greater of book value or market value, and (ii) is equal to 20% or more of the company’s shares of Subordinate Voting stock or 20% or more of the voting power outstanding before the issuance. Under applicable Canadian law, a company is not required to seek shareholder approval for any such transactions.

D. EMPLOYEES

As of December 31, 2024, we had six employees.

E. SHARE OWNERSHIP.

See below under Item 7.

F. DISCLOSURE OF A REGISTRANT’S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION.

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders.

The following table sets forth information with respect to the beneficial ownership of our Subordinate Voting Shares as of March 31, 2025 by:

- each person or entity known by us to own beneficially 5% or more of our outstanding Subordinate Voting Shares;
- each of our directors and executive officers individually; and
- all of our directors and executive officers as a group.

We are unaware of any person or entity owning beneficially 5% or more of our outstanding Subordinate Voting Shares.

The beneficial ownership of our Subordinate Voting Shares is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power, or the right to receive the economic benefit of ownership. For purposes of the table below, we deem Subordinate Voting Shares issuable pursuant to options that are currently exercisable or exercisable within 60 days of March 31, 2025 to be outstanding and to be beneficially owned by the person holding the options for the purposes of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. Percentage of shares beneficially owned before this offering is based on 2,926,526 Subordinate Voting Shares issued and outstanding as of March 31, 2025.

Unless otherwise noted below, the address of each shareholder, director and executive officer is c/o the Company, 2264E 11th Avenue Vancouver, British Columbia A1 V5N1Z6.

	Subordinate Voting Shares Beneficially Owned	Percentage	Percentage after Offering
Directors and Officers			
Marcel (Moti) Maram	2,443	*%	
Avner Tal	12,443	*%	

Yftah Ben Yaackov ⁽¹⁾	296,034	10.1%
Gabi Kabazo	47,705	1.6%
Stefania Szabo	35,888	1.2%
Harold Wolkin	44,740	1.5%
Carmel Zigdon	43,628	1.5%
Niv Shirazi	885	*
Mor Bzizinsky	882	*
5% and Greater Shareholders	-	-
All officers and directors as a group (9 persons)	484,648	16.6%

* Less than 1%

- (1) Includes 4,412 Enhanced Voting Preference Shares that vote with the Subordinate Voting Shares on a fifty for one basis. Enhanced Voting Preference Shares may not be transferred and are not entitled to receive any dividends.

54

B. RELATED PARTY TRANSACTIONS

During the fiscal year ended December 31, 2024, the Company paid management, consulting and director fees in the aggregate amount of \$5,124,063 to its President (Mr. Maram), CEO (Mr. Ben Yaackov), CFO (Mr. Kabazo), CTO (Mr. Tal) and three directors (Mr. Wolkin, Mr. Shirazi and Mrs. Szabo). During the same period in 2023 the Company paid \$1,874,710 to its President (Mr. Maram), CEO (Mr. Ben Yaackov), CFO (Mr. Kabazo), CTO (Mr. Tal) and three directors (Mr. Wolkin, Mr. Shirazi and Mrs. Szabo).

As at December 31, 2024, \$1,025 was owed from a shareholder of the Company (Miss Dalia Bzizinsky) (December 31, 2023– \$843).

As at December 31, 2024, \$232,484 was owed to directors of the Company for management, consulting and director fees (Mr. Ben Yaackov, Mr. Kabazo, Mr. Wolkin and Mrs. Szabo) (December 31, 2023– \$450,048).

On January 10, 2024, the Company granted 410,000 RSUs (127 RSUs post reverse splits) to five directors (Mr. Ben Yaackov, Mr. Kabazo, Mr. Wolkin, Mr. Shirazi and Mrs. Szabo). The RSUs will vest over four months and a day.

On April 7, 2024, the Company granted 131,067 RSUs (7,710 RSUs post reverse split) to two directors (Mr. Wolkin and Mrs. Szabo). 25% of the RSUs will vest each 3 months with the last tranche vesting on March 31, 2025.

On April 8, 2024, the Company granted 1,080,000 RSUs (63,529 RSUs post reverse split) to nine directors (Mr. Ben Yaackov, Mr. Kabazo, Mr. Zigdon, Mr. Wolkin, Mr. Shirazi, Mr. Tal, Mr. Maram, Mrs. Bzizinsky and Mrs. Szabo). The RSUs vested immediately.

On June 14, 2024, the Company granted 1,238,525 RSUs (72,854 RSUs post reverse split) to three directors (Mr. Ben Yaackov, Mr. Kabazo and Mr. Wolkin). The RSUs vested immediately.

On September 20, 2024, the Company issued 75,000 Enhanced Voting Preference Shares (4,412 Enhanced Voting Preference Shares post reverse split) to Yftah Ben Yaackov, its Chief Executive Officer.

All the above transactions were measured at fair value. Compensation to officers and directors of the Company is determined by the Company's governance, nominating and compensation committee and is effective until the next compensation meeting, usually on April of each year.

C. INTERESTS OF EXPERTS AND COUNSEL

Not Applicable.

ITEM 8 FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

The financial statements required as part of this Annual Report are filed under Item 18 of this Annual Report.

Litigation

There are no pending legal proceedings to which we or our subsidiary is a party or of which any of our property is the subject. There are no legal proceedings to which any of the directors, officers or affiliates or any associate of any such directors, officers or affiliates of either our company or our subsidiary is a party or has a material interest adverse to us.

55

Dividends

We have not paid any dividends on our Subordinate Voting stock during the past five years. We do not intend to pay dividends on shares of Subordinate Voting stock in the foreseeable future as we anticipate that our cash resources will be used to finance growth.

B. SIGNIFICANT CHANGES

There have been no significant changes that have occurred since the date of the financial statements included with this Annual Report except as disclosed in this Annual Report.

ITEM 9 THE OFFER AND LISTING

A. Offer And Listing Details

Our Subordinate Voting Shares are currently traded on the Nasdaq Capital Market under the symbols “BCAN.”

B. Plan of Distribution

Not Applicable.

C. Markets

See Item 9.A.

D. Selling Shareholders

Not Applicable.

E. Dilution

Not Applicable.

F. Expenses of the Issue

Not Applicable.

ITEM 10 ADDITIONAL INFORMATION

A. Share Capital

Our authorized capital consists of an unlimited number of Subordinate Voting shares, without par value. As of March 31, 2025, there are 2,926,526 Subordinate Voting shares issued and outstanding. That number reflects the Reverse Split.

Our Subordinate Voting shares entitle the holder to: (i) vote at all meetings of our shareholders except meetings at which only holders of specified classes of shares are entitled to vote, having one vote per Subordinate Voting share, (ii) receive dividends at the discretion of our board of directors; and (iii) receive our remaining property on liquidation, dissolution or winding up. All of our Subordinate Voting shares rank equally for the payment of any dividends and distributions in the event of a windup.

None of our shares are held by us or on behalf of us. A summary of our outstanding shares and derivative securities (convertible or exercisable into Subordinate Voting shares) is as follows:

Subordinate Voting Shares

Issued & Outstanding as at March 31, 2025 2,926,526

<u>Convertible Securities</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	
RSUs	-	March 31, 2025	7,710
Warrants A (March 2024 Financing)	US\$ 8.1782	September 14, 2026	5,084
Warrants B (March 2024 Financing)	US\$ 8.1782	March 14, 2029	10,828
Pre-Funded Warrants (February 2025 Private Placement)	US\$ 0.00001		2,011,616
Series A Warrants (February 2025 Private Placement)	US\$ 5.21	February 27, 2030	4,076,736
Series B Warrants (February 2025 Private Placement)	US\$ 12.51	August 27, 2027	12,230,208
Exchange Warrants	US\$ 12.51	August 27, 2027	123,523,146

Enhanced Voting Preference Shares

On September 20, 2024, the Company issued 75,000 Enhanced Voting Preference Shares (4,412 Enhanced Voting Preference Shares post reverse split) to its Chief Executive Officer.

The Enhanced Voting Preference Shares shall be redeemed at a price of US\$0.35 per share (and shall be deemed to have been cancelled) on the earlier to occur of (i) the third anniversary of their date of issuance, or (ii) upon the Chief Executive Officer ceasing to hold office. The Preference Shares:

- May not be transferred;
- Have no dividend or other distribution rights: and
- Vote with the Subordinate Voting shares on a fifty for one basis.

Description of Warrants

The following summary of certain terms and provisions of the Warrants that were issued in the Company's Private Placement of Units that was completed on February 28, 2025, is not complete and is subject to, and qualified in its entirety by, the form of the Warrants, which is filed as an exhibit to this Form 20-F. Prospective investors should carefully review the terms and provisions set forth in the forms of Warrant.

Series A Warrants

Exercisability. Each Unit includes one Series A Warrant. The Series A Warrants are exercisable at any time after their initial exercise date and at any time up to the date that is 60 months after the earlier of (i) a Resale Registration Statement registering for resale all of the Common Shares, including Common Shares issuable upon exercise of the Warrants has been declared effective by the Commission or (ii) the date that the Securities can be sold, assigned or transferred without restriction or limitation pursuant to Rule 144 (the "Release Date"). The Series A Warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the Subordinate Voting Shares underlying the warrants under the Securities Act is effective and available for the issuance of such shares, by payment in full in immediately available funds for the number of Subordinate Voting Shares purchased upon such exercise. Commencing on the earlier of (i) six months after the date of issuance, and (ii) the earliest of the date (the "Resale Effective Date") that (a) a registration statement registering for resale some or all Common Shares issued in the Private Placement or to be issued upon exercise of the Warrants has been declared effective, (b) all of such Common Shares may be sold pursuant to Rule 144 without restrictions, (c) following the first anniversary of the completion of the Private Placement provided that the applicable holder is not then an affiliate of the Company, or (d) all of the Common Shares may be sold pursuant to an exemption from registration under Section 4(a)(1) of the Securities Act, the holder may, in its sole discretion, elect to exercise the Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of Subordinate Voting Shares determined according to the formula set forth in the Warrant. No fractional shares will be issued in connection with the exercise of a Warrant. In lieu of fractional shares, we will, at our election, either pay a cash adjustment in respect of such fraction in an amount equal to such fraction multiplied by the exercise price or round up to the next whole share.

Exercise Price. The exercise price per whole Subordinate Voting Share purchasable upon exercise of the Warrants is \$5.21 per share. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Subordinate Voting Shares and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Anti-Dilution Protection. If prior to the expiration date of the Series A Warrants, we raise funds through the issuance of Subordinate Voting Shares (or securities convertible into Subordinate Voting Shares) at a price per Subordinate Voting Share below the price per Unit paid in this Offering, subject to the a floor price of \$0.76 (the "Floor Price") the exercise of the Series A Warrants will be automatically adjusted to reflect such lower price and the number of Subordinate Voting Shares issuable upon the exercise thereof shall be proportionately increased such that the exercise price of the Series A Warrant on the date of issuance for the Subordinate Voting Shares then outstanding shall remain unchanged.

Series B Warrants

Exercisability. The Series B Warrants are exercisable at any time after their initial exercise date and at any time up to the date that is 30 months after the Release Date. The Series B Warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the Subordinate Voting Shares underlying the warrants under the Securities Act is effective and available for the issuance of such shares, by payment in full in immediately available funds for the number of Subordinate Voting Shares purchased upon such exercise. Commencing on the Resale Effective Date, the holder may, in its sole discretion, elect to exercise the Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of Subordinate Voting Shares determined according to the formula set forth in the Series B Warrant. No fractional shares will be issued in connection with the exercise of a Warrant. In lieu of fractional shares, we will, at our election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the exercise price or round up to the next whole share. Whether or not an effective registration statement or prospectus is available, the holders of the Series B Warrants may also effect an "alternative cashless exercise." In such event, the Series B Warrants may be converted into three Common Shares for each one Common Shares then underlying the Series B Warrant without additional consideration. On the expiration date of the Series B Warrant, it will be automatically converted in accordance with the alternative exercise option.

Exercise Price. The exercise price per whole Subordinate Voting Share purchasable upon exercise of the Warrants is \$12.51 per Common Share. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Subordinate Voting Shares and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Terms Common to Both the Series A Warrants and the Series B Warrants

Reset of Exercise Price. On the close of trading on the trading day immediately after the tenth trading day following each date that (i) a resale registration statement registering for resale all or a portion of the Common Shares issuable upon the exercise of the Series A and Series B Warrants (the “Warrant Shares”) has been declared effective by the Commission and (ii) if all of the Warrant Shares have not been registered pursuant to one or more effective Resale Registration Statements, the date that all of the Warrant Shares can be sold, assigned or transferred without restriction or limitation pursuant to Rule 144 promulgated under the 1933 Act, as amended (or a successor rule thereto), , the exercise price of the unexercised Warrants then outstanding shall be reduced (but in no event increased) to equal the lowest of (A) the exercise price then in effect and (B) the greater of (I) \$0.76 (the “Floor Price”) and (II) the lowest Weighted Average Price during the immediately preceding ten trading days. Upon any such adjustment of the exercise price, the number of issuable Warrant Shares shall be increased such that the aggregate exercise price of the unexercised Warrants on the date of issuance shall remain unchanged following such adjustment.

Exercise Limitation. A holder will not have the right to exercise any portion of the warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, at the option of the holder thereof, 9.99%) of the number of Subordinate Voting Shares outstanding immediately after giving effect to the exercise.

Transferability. Subject to applicable laws, the Warrants may be offered for sale, sold, transferred or assigned without our consent.

Fundamental Transactions. In the event of a fundamental transaction, as described in the Warrants and generally including any reorganization, recapitalization or reclassification of our Subordinate Voting Shares, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding Subordinate Voting Shares, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding Subordinate Voting Shares, the holders of the Warrants will be entitled to receive upon exercise of the Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the Warrants immediately prior to such fundamental transaction.

Reverse Stock Split. If at any time on or after the date of issuance there occurs any share split, share dividend, share combination recapitalization or other similar transaction involving our Subordinate Voting Shares (“Share Combination Event”) and the lowest daily volume weighted average price during the period commencing on the date of the Share Combination Event and ending on the fifth trading day immediately following such event is less than the exercise price of the Series A Warrants or Series B Warrants then in effect, then the exercise price of the Series A Warrants and Series B Warrants will be reduced to the lowest daily volume weighted average price during such period, subject to the Floor Price, and the number of shares issuable upon exercise will be proportionately adjusted such that the aggregate exercise price of the unexercised Warrants as of the date of issuance will remain unchanged.

Rights as a Stockholder. Except as otherwise provided in the Warrants or by virtue of such holder’s ownership of our Subordinate Voting Shares, the holder of a Warrant does not have the rights or privileges of a holder of our Subordinate Voting Shares, including any voting rights, until the holder exercises the Warrant.

Governing Law. The Warrants are governed by New York law.

B. Memorandum and Articles of Association

Incorporation

We are amalgamated on March 29, 2021, under the British Columbia Business Corporations Act (BCBCA). Our British Columbia incorporation number is BC1296808.

Objects and Purposes of Our Company

Our articles do not contain a description of our objects and purposes.

Voting on Proposals, Arrangements, Contracts or Compensation by Directors

Other than as disclosed below, our articles do not restrict directors’ power to (a) vote on a proposal, arrangement or contract in which the directors are materially interested or (b) to vote compensation to themselves or any other members of their body in the absence of an independent quorum.

The BCBCA does, however, contain restrictions in this regard. It provides that a director who holds a disclosable interest in a contract or transaction into which we have entered or proposes to enter is not entitled to vote on any directors’ resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution. A director who holds a disclosable interest in a contract or transaction into which we have entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting. A director or senior officer generally holds a disclosable interest in a contract or transaction if (a) the contract or transaction is material to our company; (b) we have entered, or proposed to enter, into the contract or transaction, and (c) either (i) the director or senior officer has a material interest in the contract or transaction or (ii) the director or senior officer is a director or senior officer of, or has a material interest in, a person who has a material interest in the contract or transaction.

Borrowing Powers of Directors

Our articles provide that we, if authorized by our directors, may:

- borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

- issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of our company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of our company.

Qualifications of Directors

Under our articles, a director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the BCBCA to become, act or continue to act as a director. Our articles contain no provisions regarding retirement or non-retirement of directors under an age limit requirement.

Meetings

Each director holds office until our next annual general meeting or until his office is earlier vacated in accordance with our articles or with the provisions of the BCBCA. A director appointed or elected to fill a vacancy on our board also holds office until our next annual general meeting.

Our articles and the BCBCA provide that our annual meetings of shareholders must be held at least once in each calendar year and not more than 15 months after the last annual general meeting at such time and place as our Board may determine. Our directors may, at any time, call a meeting of our shareholders.

Under our articles, the quorum for the transaction of business at a meeting of our shareholders is two persons who are, present in person or represent by proxy, shareholders holding, in the aggregate, at least five percent of the issued shares entitled to be voted at the meeting.

Change in Control

There are no provisions in our articles or in the BCBCA that would have the effect of delaying, deferring or preventing a change in control of our company, and that would operate only with respect to a merger, acquisition or corporate restructuring involving our Company or our subsidiaries.

Ownership Threshold

Our articles or the BCBCA do not contain any provisions governing the ownership threshold above which shareholder ownership must be disclosed. Securities legislation in Canada, however, requires that we disclose in our information circular for our annual general meeting, holders who beneficially own more than 10% of our issued and outstanding shares. Most state corporation statutes do not contain provisions governing the threshold above which shareholder ownership must be disclosed. Upon the effectiveness of this Annual Report, we expect that the United States federal securities laws will require us to disclose, in our annual report on Form 20-F, holders who own 5% or more of our issued and outstanding shares.

C *Material Contracts*

We have not entered into any material contracts other than in the ordinary course of business and other than those described in Item 4. “Information on Our Company,” or elsewhere in this Annual Report.

D. *Exchange Controls*

There are no governmental laws, decrees, regulations or other legislation, including foreign exchange controls, in Canada which may affect the export or import of capital or that may affect the remittance of dividends, interest or other payments to non-resident holders of the Company’s securities. Any remittances of dividends to United States residents, however, are subject to a withholding tax pursuant to the Income Tax Act (Canada) and the Canada-U.S. Income Tax Convention (1980), each as amended. Remittances of interest to U.S. residents entitled to the benefits of such Convention are generally not subject to withholding taxes except in limited circumstances involving participating interest payments. Certain other types of remittances, such as royalties paid to U.S. residents, may be subject to a withholding tax depending on all of the circumstances.

E. *Taxation*

Certain Canadian Federal Income Tax Considerations

The following is a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to purchasers who acquire Subordinate Voting shares pursuant to this offering and who, for the purposes of the Tax Act and at all relevant times, beneficially own such Subordinate Voting shares as capital property and deal at arm’s length and are not affiliated with us and the underwriter (each a “Holder”). Subordinate Voting shares will generally be considered to be capital property to a Holder unless such Subordinate Voting shares are held by such Holder in the course of carrying on a business, or were acquired by such Holder in a transaction or transactions considered to be an adventure in the nature of trade.

This summary does not apply to a purchaser of Subordinate Voting shares (i) that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which is or would constitute a “tax shelter investment” as defined in the Tax Act; (iii) that is a “specified financial institution” as defined in the Tax Act; (iv) that reports its Canadian tax results in a currency other than the Canadian currency; or (v) that has or will enter into a “synthetic disposition arrangement” or a “derivative forward agreement”, as those terms are defined in the Tax Act, in respect of Subordinate Voting shares pursuant to this offering. All such purchasers should consult their own tax advisors with respect to an investment in Subordinate Voting shares. Additional considerations, not discussed herein, may be applicable to a Holder that is a corporate resident in Canada, and is, or becomes as part of a transaction or event or

series of transactions or events that includes the acquisition of the Subordinate Voting shares, controlled by a non-resident corporation for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Subordinate Voting shares.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, counsel’s understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency (the “CRA”), and all specific proposals to amend the Tax Act and the regulations thereunder announced by the Minister of Finance (Canada) prior to the date hereof (“Tax Proposals”). This summary assumes that the Tax Proposals will be enacted in their current form and does not otherwise take into account or anticipate any changes in the law or in the administrative practices and assessing policies of the CRA, whether by judicial, governmental or legislative decisions or action, and whether prospective or retroactive in effect, nor does it take into account tax legislation or considerations of any province or territory of Canada or any jurisdiction other than Canada. No assurances can be given that the Tax Proposals will be enacted in the form proposed or at all.

The summary is of a general nature only, is not exhaustive of all income tax considerations, and is not intended to be, and should not be construed to be, legal or tax advice to any particular Holder of the Subordinate Voting shares and no representation with respect to the Canadian tax consequences to any particular Holder is made. The relevant tax considerations applicable to the acquiring, holding and disposing of Subordinate Voting shares pursuant to this offering may vary according to the status of the purchaser, the jurisdiction in which the purchaser resides or carries on business and the purchaser’s own particular circumstances. Accordingly, holders should consult with their own tax advisors with respect to the income tax consequences to them of acquiring, holding or disposing of the Subordinate Voting shares.

Residents of Canada

The following portion of the summary is applicable to a Holder who at all relevant times is resident or deemed to be resident in Canada for the purposes of the Tax Act and any applicable tax treaty or convention (a “Canadian Holder”). Certain Canadian Holders to whom Subordinate Voting shares might not constitute capital property may make the irrevocable election provided by subsection 39(4) of the Tax Act, in qualifying circumstances, to have the Subordinate Voting shares and every other “Canadian security” (as defined in the Tax Act) owned by such Canadian Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property to the Holder. Canadian Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

Dividends

A Canadian Holder will be required to include in computing such Canadian Holder’s income for a taxation year the amount of any taxable dividends (including deemed dividends) received on Subordinate Voting shares. In the case of a Canadian Holder who is an individual (other than certain trusts) such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by an individual from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit for “eligible dividends” properly designated as such by us. There may be restrictions on the ability of the Company to so designate any dividend as an eligible dividend, and the Company has made no commitments in this regard. Taxable dividends received by such Canadian Holder may give rise to alternative minimum tax under the Tax Act.

In the case of a Canadian Holder that is a corporation, the amount of any taxable dividends (including deemed dividends) received on Subordinate Voting shares that is included in its income will generally be deductible in computing such Canadian Holder’s taxable income for that taxation year. A Canadian Holder that is a “private corporation” (as defined in the Tax Act) or any other corporation resident in Canada and controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), may be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends received on the Subordinate Voting shares to the extent that such dividends are deductible in computing the Canadian Holder’s taxable income for the taxation year.

Disposition of Subordinate Voting Shares

A Canadian Holder who disposes of or is deemed to have disposed of a Subordinate Voting share (except to the Company) will generally realize a capital gain (or capital loss) equal to the amount by which such Canadian Holder’s proceeds of disposition in respect of the Subordinate Voting share exceeds (or is exceeded by) the aggregate of the adjusted cost base of such Subordinate Voting share to the Canadian Holder and any reasonable expenses associated with the disposition. The cost to a Canadian Holder of a Subordinate Voting share acquired pursuant to this offering generally will be averaged with the adjusted cost base of any other Subordinate Voting shares owned by such Canadian Holder as capital property for the purposes of determining the adjusted cost base of each such Subordinate Voting share to such Canadian Holder.

A Canadian Holder will generally be required to include in computing such Canadian Holder’s income for a taxation year of a disposition, one-half of the amount of any capital gain (a “taxable capital gain”) realized in such taxation year, and subject to and in accordance with the provisions of the Tax Act, will generally be required to deduct one-half of the amount of any capital loss incurred by a Canadian Holder (an “allowable capital loss”) against taxable capital gains realized by the Canadian Holder in the taxation year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may generally be deducted by the Canadian Holder against taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard. Capital gains realized by a Holder who is an individual (other than certain trusts) may be subject to alternative minimum tax.

The amount of any capital loss realized on the disposition or deemed disposition of a Subordinate Voting share by a Canadian Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends previously received or deemed to have been received by the Canadian Holder on such Subordinate Voting share to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply to a corporation that is a member of a partnership or beneficiary of a trust that owns Subordinate Voting shares or that is itself a member of a partnership or a beneficiary of a trust that owns Subordinate Voting shares.

A Canadian Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of $6\frac{2}{3}\%$ on its “aggregate investment income” for the taxation year, which is defined to include an amount in respect of taxable capital gains.

Non-Resident Holders

The following portion of the summary is applicable to a Holder that, at all relevant times for the purposes of the Tax Act and any applicable tax treaty: (i) is not (and is not deemed to be) a resident in Canada, (ii) does not use or hold (and will not use or hold) and is not deemed to use or hold the Subordinate Voting shares in, or in the course of, carrying on a business in Canada, and (iii) does not carry on an insurance business in Canada and elsewhere and (iv) is not an “authorized foreign bank” as defined in the Tax Act (a “Non-Canadian Holder”).

This summary does not apply to a Non-Canadian Holder that is subject to the proposed “treaty shopping” rule proposed in the 2014 Canadian Federal Budget released on February 11, 2014. Non-Canadian Holders should consult their own tax advisors with respect to the potential application of these rules to their particular circumstance.

Dividends

Dividends paid or credited (or deemed to be paid or credited) on the Subordinate Voting shares to a Non-Canadian Holder will generally be subject to withholding tax under the Tax Act at a rate of 25%, subject to a reduction under the provisions of an applicable tax treaty. For Non-Canadian Holders who are resident in the United States for purposes of and entitled to the benefits of the Canada-U.S. Tax Treaty, and are the beneficial owner of such dividends on the Subordinate Voting shares (a “U.S. Holder”), the Canadian withholding tax will generally be reduced to the rate of 15%. This rate is further reduced to 5% in the case of such U.S. Holder that is a company for purposes of the Canada-U.S. Treaty that owns at least 10% of our issued and outstanding voting shares at the time the dividend is paid or deemed to be paid. In addition, under the Canada United States Income Tax Convention (1980) as amended (the “Canada-U.S. Treaty”), dividends may be exempt from Canadian withholding tax if paid to certain U.S. Holders that are qualifying religious, scientific, literary, educational or charitable tax-exempt organizations and qualifying trusts, companies, organizations or other arrangements operated exclusively to administer or provide pension, retirement or employee benefits that are exempt from tax in the U.S. and that have complied with specific administrative procedures.

Disposition of Subordinate Voting Shares

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of a capital gain realized upon the disposition of Subordinate Voting shares unless the Subordinate Voting shares are “taxable Canadian property” (as defined in the Tax Act) to the Non-Canadian Holder, and the gain is not otherwise exempt from tax in Canada pursuant to the terms of an applicable tax treaty. Provided the Subordinate Voting shares are listed on a designated stock exchange (which currently includes the Toronto Stock Exchange (“TSX”)) at the time of disposition, the Subordinate Voting shares generally will not constitute taxable Canadian property to a Non-Canadian Holder unless at any time during the 60 months immediately preceding the disposition, (i) (a) the Non-Canadian Holder, (b) persons with whom the Non-Canadian Holder does not deal at arm’s length, and (c) partnerships in which the Non-Canadian Holder or persons referred to in (b) hold a membership interest directly or indirectly through one or more partnerships, individually or collectively owned at least 25% of the issued shares of any class or series of our capital stock and (ii) more than 50% of the fair market value of the Subordinate Voting stock of the Company was derived directly or indirectly from one or any combination of real or immoveable property situated in Canada, “Canadian resource properties” (as defined in the Tax Act), “timber resource properties” (as defined in the Tax Act) or an option, interest or right in such property, whether or not such property exists. For a U.S. Holder, even if the Subordinate Voting shares are taxable Canadian property, no Canadian taxes will generally be payable on a capital gain realized on the disposition of the Subordinate Voting shares unless the value of the Subordinate Voting shares is derived principally from real property situated in Canada.

In the event the Subordinate Voting shares are (or are deemed to be) taxable Canadian property to a Non-Canadian Holder and a capital gain realized on the disposition of such Subordinate Voting shares is not exempt from tax under the Tax Act by virtue of the terms of an applicable tax treaty, such Non-Resident Holder will realize a capital gain (or capital loss) generally in the circumstances and computed in the manner described above under “Certain Canadian Federal Income Tax Considerations for Canadian Holders—Disposition of Subordinate Voting Shares”. A Non-Canadian Holder whose Subordinate Voting shares are taxable Canadian property may be required to file a Canadian income tax return reporting the disposition of such Subordinate Voting shares. Non-Canadian Holders whose Subordinate Voting shares are taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances.

Eligibility for Investment

Based on the current provisions of the Tax Act and the regulations (the “Regulations”) thereunder, provided that the Company’s Subordinate Voting stock is listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the Toronto Stock Exchange), on the closing date, Subordinate Voting stock acquired under this prospectus will be on that date a “qualified investment” under the Tax Act and the Regulations for a trust governed by a “registered retirement savings plan” (“RRSP”), a “registered retirement income fund” (“RRIF”), a “tax-free savings account” (“TFSA”), a “registered education savings plan”, a “deferred profit sharing plan” or a “registered disability savings plan” (as those terms are defined in the Tax Act).

Notwithstanding that a Subordinate Voting share may be a qualified investment for a TFSA, RRSP or RRIF (a “Registered Plan”), if the Subordinate Voting share is a “prohibited investment” within the meaning of the Tax Act for a Registered Plan, the holder or annuitant of the Registered Plan, as the case may be, will be subject to penalty taxes as set out in the Tax Act. A Subordinate Voting share will generally not be a “prohibited investment” for a Registered Plan if the holder or annuitant, as the case may be, (i) deals at arm’s length with the company for the purposes of the Tax Act, and (ii) does not have a “significant interest” (as

defined in the Tax Act) in the company. In addition, a Subordinate Voting share will not be a “prohibited investment” if the Subordinate Voting share is “excluded property” as defined in the Tax Act for a Registered Plan.

Purchasers of the Subordinate Voting shares should consult their own tax advisers with respect to whether Subordinate Voting shares would be prohibited investments having regard to their particular circumstances.

Certain United States Federal Income Tax Considerations

The following is a general summary of certain material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of our Subordinate Voting shares. Except where noted, this summary deals only with Subordinate Voting stock that is held as a capital asset by a U.S. Holder.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax consequences that may apply to a U.S. Holder as a result of the acquisition, ownership, and disposition of our Subordinate Voting shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Subordinate Voting shares. In addition, taxes other than federal income taxes, such as foreign (in addition to Canadian as discussed above in “Certain Canadian Federal Income Tax Consequences”), state and local taxes, and federal estate and gift taxes, may affect U.S. Holder’s acquisition, ownership and disposition of our Subordinate Voting shares.

This summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. Each U.S. Holder should consult, and must rely upon, its own tax advisor regarding the U.S. federal income, U.S. state and local, and foreign tax consequences of the acquisition, ownership, and disposition of our Subordinate Voting shares with specific reference to its own tax situation.

SCOPE OF THIS SUMMARY

Authorities

This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations (“Regulations”) (whether final, temporary, or proposed), published rulings of the Internal Revenue Service (the “IRS”), published administrative positions of the IRS, the Treaty and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this prospectus. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis. The authorities on which this summary is based are subject to various interpretations. No rulings have been or will be sought from the IRS with respect to the transactions described herein. Accordingly, there can be no assurance that the IRS will not challenge the views expressed herein or that a court will not sustain such a challenge.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of our Subordinate Voting shares that, for U.S. federal income tax purposes, is (a) an individual who is a citizen or resident of the U.S., (b) a corporation, or any other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S., any state in the U.S., or the District of Columbia, (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income, or (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

Non-U.S. Holders

For purposes of this summary, a “non-U.S. Holder” is a beneficial owner of Subordinate Voting shares other than a U.S. Holder. This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of our Subordinate Voting shares by non-U.S. Holders. Accordingly, a non-U.S. Holder should consult, and must rely upon, its own tax advisor regarding the U.S. federal income, U.S. state and local, and foreign tax consequences (including the potential application of and operation of any income tax treaties) of the acquisition, ownership, and disposition of our Subordinate Voting shares.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary is general and does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of our Subordinate Voting shares by U.S. Holders that are subject to special provisions under the Code, including, but not limited to:

- Tax consequences to holders of Subordinate Voting shares that are tax-exempt organizations, or qualified retirement plans, individual retirement accounts or other tax-deferred accounts;
- Tax consequences to holders of Subordinate Voting shares that are dealers in securities or currencies or holders that are traders in securities that elect to apply a mark-to-market accounting method, financial institutions, insurance companies, real estate investment trusts, or regulated investment companies;
- Tax consequences to holders of Subordinate Voting shares that have a “functional currency” other than the U.S. dollar;
- Tax consequences to holders of Subordinate Voting shares that are liable for the alternative minimum tax under the Code;

- Tax consequences to persons holding the Subordinate Voting shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position;
- Holders that acquired our Subordinate Voting shares in connection with the exercise of employee stock options or otherwise as compensation for services;
- Tax consequences to holders of Subordinate Voting shares that are held other than as a capital asset within the meaning of Section 1221 of the Code; or
- Holders of Subordinate Voting shares that own (directly, indirectly, or constructively) 10 percent or more of the total combined voting power of all classes of our shares entitled to vote.

U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult, and must rely upon, their own tax advisors regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of our Subordinate Voting shares.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds our Subordinate Voting shares, the U.S. federal income tax consequences of the acquisition, ownership, and disposition of our Subordinate Voting shares to such partnership and the partners of such partnership generally will depend on the activities of the partnership and the status of such partners. Partners of entities that are classified as partnerships for U.S. federal income tax purposes should consult, and must rely upon, their own tax advisors regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of our Subordinate Voting shares.

Tax Consequences Other than U.S. Federal Income Tax Consequences Not Addressed

This summary does not address the U.S. state and local, U.S. federal estate and gift, or foreign tax consequences to U.S. Holders of the acquisition, ownership, and disposition of our Subordinate Voting shares. Each U.S. Holder should consult, and must rely upon, its own tax advisor regarding the U.S. state and local, U.S. federal estate and gift, and foreign tax consequences of the acquisition, ownership, and disposition of our Subordinate Voting shares. (See, however, “Certain Canadian Federal Income Tax Consequences”).

If you are considering the purchase of the Subordinate Voting shares, you should consult, and must rely upon, your own tax advisors concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of the Subordinate Voting shares, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

U.S. Federal Income Tax Consequences of the Acquisition, Ownership, and Disposition of Subordinate Voting Shares Distributions on Subordinate Voting Shares

General Taxation of Distributions

Subject to the “passive foreign investment company”, or PFIC, rules discussed below, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to our Subordinate Voting shares will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of our current or accumulated “earnings and profits.” To the extent that a distribution exceeds our current and accumulated “earnings and profits,” such distribution will be treated (a) first, as a tax-free return of capital to the extent of a U.S. Holder’s tax basis in the Subordinate Voting shares and, (b) thereafter, as gain from the sale or exchange of such Subordinate Voting shares. (See “Disposition of Subordinate Voting shares” below). Dividends received on the Subordinate Voting shares generally will not be eligible for the “dividends received deduction”.

Reduced Tax Rates for Certain Dividends

A dividend paid by us generally will be taxed at the preferential tax rates applicable to long-term capital gains if (a) we are a “qualified foreign corporation” (as defined below), (b) the U.S. Holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on Subordinate Voting shares that have been held by such U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the “ex-dividend date.”

We generally will be a “qualified foreign corporation” under Section 1(h)(11) of the Code (a QFC) if (a) we were incorporated in a possession of the U.S., (b) we are eligible for the benefits of the Treaty, or (c) the Subordinate Voting shares are readily tradable on an established securities market in the U.S. However, even if we satisfy one or more of such requirements, we will not be treated as a QFC if we are a PFIC for the taxable year during which we pay a dividend or for the preceding taxable year.

As discussed herein, we believe that we were a PFIC for previous taxable years, expect that we will be a PFIC for the current taxable year and may be a PFIC in subsequent taxable years. (See “Passive Foreign Investment Company” below). Accordingly, we do not expect to be a QFC for the current taxable year and may not be a QFC in subsequent taxable years.

Distributions Paid in Foreign Currency

The amount of a distribution received on the Subordinate Voting shares in foreign currency generally will be equal to the U.S. dollar value of such distribution based on the exchange rate applicable on the date of receipt. A U.S. Holder that does not convert foreign currency received as a distribution into U.S. dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the U.S. dollar value of such foreign currency on the date of receipt.

Such a U.S. Holder generally will recognize ordinary income or loss on the subsequent sale or other taxable disposition of such foreign currency (including an exchange for U.S. dollars).

Disposition of Subordinate Voting Shares

A U.S. Holder will recognize gain or loss on the sale or other taxable disposition of our Subordinate Voting shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder's adjusted tax basis in the Subordinate Voting shares sold or otherwise disposed of. Subject to the PFIC rules discussed below, any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the Subordinate Voting shares are held for more than one year.

Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. Deductions for capital losses are subject to significant limitations under the Code.

Foreign Tax Deduction or Credit

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax with respect to dividends received on our Subordinate Voting shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a taxable year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." In addition, this limitation is calculated separately with respect to specific categories of income (including "passive income," "general income," and certain other categories of income). Gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of Subordinate Voting shares and foreign currency gains generally will be treated as "U.S. source" for purposes of applying the foreign tax credit rules.

Dividends received on the Subordinate Voting shares generally will be treated as "foreign source" and generally will be categorized as "passive income" or, in the case of certain U.S. Holders, "general income" for purposes of applying the foreign tax credit rules. The foreign tax credit rules are complex, and each U.S. Holder should consult, and must rely upon, its own tax advisor regarding the foreign tax credit rules.

Information Reporting; Backup Withholding Tax

Generally, information reporting requirements will apply to all payments made within the United States or by a U.S. payor or U.S. middleman, of dividends on, or proceeds arising from the sale or other taxable disposition of our Subordinate Voting shares, unless you are an exempt recipient, such as a corporation. Additionally, if you fail to provide your taxpayer identification number, or in the case of dividend payments, fail either to report in full dividend income or to make certain certifications, you may be subject to backup withholding at the rate of 28 percent.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is timely furnished to the IRS. Each U.S. Holder should consult with and rely upon its own tax advisor regarding the information reporting and backup withholding tax rules.

Medicare Tax

For taxable years beginning after December 31, 2012, a U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax (the "Medicare Tax") on the lesser of (a) the U.S. Holder's "net investment income" in the case of individuals, and the "undistributed net investment income" in the case of estates and trusts, for the relevant taxable year, and (b) the excess of the U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its income from dividends, interest, rents, royalties and annuities and its net gains from the disposition of the Subordinate Voting stock, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). See the discussion below under "Passive Foreign Investment Company" regarding application of Medicare Tax to PFICs. If you are a U.S. Holder that is an individual, estate or trust, you should consult with, and must rely upon, your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in our Subordinate Voting stock.

Foreign Asset Reporting

Certain U.S. Holders who are individuals (and under proposed regulations, certain entities) may be required to report information relating to an interest in our ordinary shares, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult with, and must rely upon, their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our ordinary shares.

Passive Foreign Investment Company

We generally will be a PFIC under Section 1297(a) of the Code if, for a taxable year, (a) 75 percent or more of our gross income for such taxable year is passive income, or (b) on average, 50 percent or more of the assets held by us either produce passive income or are held for the production of passive income,

based on the fair market value of such assets (or on the adjusted tax basis of such assets, if we are not publicly traded and make an election). “Passive income” includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, excess of foreign currency gains over foreign currency losses and certain gains from commodities transactions.

For purposes of the PFIC income test and asset test described above, if we own, directly or indirectly, 25 percent or more of the total value of the outstanding shares of another foreign corporation, we will be treated as if we (a) held a proportionate share of the assets of such other foreign corporation, and (b) received directly a proportionate share of the income of such other foreign corporation. In addition, for purposes of the PFIC income test and asset test described above, “passive income” does not include any interest, dividends, rents, or royalties that are received or accrued by us from a “related person” (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income. Finally, if a foreign corporation that subject to the accumulated earnings tax and would otherwise be a PFIC owns 25% or more of the stock, by value, of a U.S. corporation, in determining whether such a foreign corporation is a PFIC, the stock of the U.S. subsidiary is not treated as a passive asset, and any income received with respect to that stock is not treated as passive income.

Because we are a clinical-stage biopharmaceutical company which has not yet recognized significant operating income and our gross income consists mostly of interest, we have been a PFIC for previous taxable years. We may also be a PFIC in the current taxable year as well as future taxable years until we generate significant operating income. A U.S. Holder can avoid the adverse U.S. federal income tax consequences of holding shares in a PFIC by making a QEF Election (see “QEF Election”, below). Under a QEF Election, generally, an electing U.S. Holder will be required each taxable year in which we are a PFIC to recognize, as ordinary income, a pro rata share of our earnings, and to recognize, as capital gain, a pro rata share of our net capital gain. Accordingly, because we expect that we only will be a PFIC in taxable years in which we do not generate any net income, an electing U.S. Holder would not have any income inclusions as a result of the QEF Election. Furthermore, in any taxable year in which we generate significant operating income, we may cease to be a PFIC and the QEF Election will not be applicable.

The determination of whether we were, or will be, a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to various interpretations. In addition, whether we will be a PFIC for the current taxable year and each subsequent taxable year depends on our assets and income over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this prospectus. Accordingly, there can be no assurance that the IRS will not challenge the determination made by us concerning our PFIC status or that we were not, or will not be, a PFIC for any taxable year.

Default PFIC Rules Under Section 1291 of the Code

If we are a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership, and disposition of Subordinate Voting shares will depend on whether such U.S. Holder makes an election to treat us as a “qualified electing fund” or “QEF” under Section 1295 of the Code (a QEF Election) or a mark-to-market election under Section 1296 of the Code (a Mark-to-Market Election). A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a “Non-Electing U.S. Holder.”

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain recognized on the sale or other taxable disposition of Subordinate Voting shares, and (b) any excess distribution received on the Subordinate Voting shares. A distribution generally will be an “excess distribution” to the extent that such distribution (together with all other distributions received in the current taxable year) exceeds 125 percent of the average of actual distributions received during the three preceding taxable years (or during a U.S. Holder’s holding period for the Subordinate Voting shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of our Subordinate Voting shares, and any excess distribution received on our Subordinate Voting shares, must be ratably allocated to each day in a Non-Electing U.S. Holder’s holding period for such Subordinate Voting shares. The amount of any such gain or excess distribution allocated to prior years of such Non-Electing U.S. Holder’s holding period for the Subordinate Voting shares (other than years prior to our first taxable year beginning after December 31, 1986 for which we were not a PFIC) will be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such prior year. A Non-Electing U.S. Holder will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year. Such a Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as “personal interest,” which is not deductible. The amount of any such gain or excess distribution allocated to the current year of such Non-Electing U.S. Holder’s holding period for the Subordinate Voting shares will be treated as ordinary income in the current year, and no interest charge will be incurred with respect to the resulting tax liability for the current year. In addition, dividend distributions made to a U.S. Holder will not qualify for preferential rates of taxation, as discussed above under “Reduced Tax Rates for Certain Dividends.”

If we are a PFIC for any taxable year during which a Non-Electing U.S. Holder holds our Subordinate Voting shares, we will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether we cease to be a PFIC in one or more subsequent taxable years (“Once a PFIC, Always a PFIC Rule”). A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Subordinate Voting shares were sold for their fair market value on the last day of the last taxable year for which we were a PFIC (“Deemed Sale Election”). If we continue to be a PFIC following a Deemed Sale Election, in order to make the Deemed Sale Election, the Non-Electing Shareholder must also make a QEF Election (discussed below).

Finally, if we are a PFIC and own shares of another foreign corporation that also is a PFIC, under certain indirect ownership rules, a disposition by us of the shares of such other foreign corporation or a distribution received by us from such other foreign corporation generally will be treated as an indirect disposition by a U.S. Holder or an indirect distribution received by a U.S. Holder, subject to the rules of Section 1291 of the Code discussed above. To the extent that gain recognized on the actual disposition by a U.S. Holder of our Subordinate Voting shares or income recognized by a U.S. Holder on an actual distribution received on our Subordinate Voting shares was previously subject to U.S. federal income tax under these indirect ownership rules, such amount generally should not be subject to U.S. federal income tax.

QEF Election

A U.S. Holder that makes a timely QEF Election generally will not be subject to the rules of Section 1291 of the Code as discussed above. A U.S. Holder that makes a timely QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of our Subordinate Voting shares. Furthermore, for each taxable year in which we are a PFIC, an electing U.S. Holder will recognize, for U.S. federal income tax purposes, such U.S. Holder's pro rata share of (a) our net capital gain, which will be taxed as long-term capital gain to such U.S. Holder, and (b) and our ordinary earnings, which will be taxed as ordinary income to such U.S. Holder. Accordingly, an electing U.S. Holder would not have any income inclusions as a result of the QEF Election so long as we do not generate any net income. Generally, "net capital gain" is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and "ordinary earnings" are the excess of (a) "earnings and profits" over (b) net capital gain. A U.S. Holder that makes a QEF Election will include such U.S. Holder's pro rata share of our net capital gain and ordinary earnings for each taxable year in which we are a PFIC, even though such amounts may not be distributed to such U.S. Holder by us. A U.S. Holder that makes a QEF Election may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as "personal interest," which is not deductible.

A U.S. Holder that makes a timely QEF Election generally (a) may receive a tax-free distribution from us to the extent that such distribution represents our "earnings and profits" that were previously included in income by the U.S. Holder because of such QEF Election, and (b) will adjust such U.S. Holder's tax basis in our Subordinate Voting shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. A QEF Election generally will be "timely" if it is made for the first year in a U.S. Holder's holding period for our Subordinate Voting shares in which we are a PFIC. In this case, a U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents with such U.S. Holder's U.S. federal income tax return for such first year.

If we were a PFIC in a prior year in a U.S. Holder's holding period for the Subordinate Voting shares and we continue to be a PFIC, then in order to purge the taint of the Once a PFIC, Always a PFIC Rule, such U.S. Holder must make a QEF Election and a Deemed Sale Election (discussed above). A Deemed Sale Election in this circumstance will require the U.S. Holder to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if the Subordinate Voting shares were sold on the qualification date for an amount equal to the fair market value of the Subordinate Voting shares on the qualification date. The "qualification date" is the first day of the first taxable year in which we were a QEF with respect to such U.S. Holder. Technically, a QEF Election can be made for any taxable year, regardless of the prior PFIC status of a foreign corporation. However, if the QEF Election is not made for first year of the U.S. Holder's holding period, and no Deemed Sale Election is made, both the QEF rules and the excess distribution rules of Section 1291 (discussed above) apply simultaneously because the PFIC taint remains. Thus, if we cease to be a PFC, QEF inclusions continue to be required, earnings from post-PFIC years continue to be tainted, distributions during post-PFIC years are subject to the excess distribution rules (to the extent not previously taxed under the QEF rules), and gain on disposition is treated as an excess distribution. Finally, under very limited circumstances, a U.S. Holder may make a retroactive QEF Election if such U.S. Holder failed to file the QEF Election documents in a timely manner.

A QEF Election will apply to the taxable year for which such QEF Election is made and to all subsequent taxable years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent taxable year, we cease to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those taxable years in which we are not a PFIC. Accordingly, if we become a PFIC in another subsequent taxable year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any such subsequent taxable year in which we qualify as a PFIC. In addition, the QEF Election will remain in effect (although it will not be applicable) with respect to a U.S. Holder even after such U.S. Holder disposes of all of such U.S. Holder's direct and indirect interest in our Subordinate Voting shares. Accordingly, if such U.S. Holder reacquires an interest in our Subordinate Voting stock, such U.S. Holder will be subject to the QEF rules described above for each taxable year in which we were a PFIC.

In the event we are a PFIC, we will satisfy record keeping requirements that apply to a QEF and supply U.S. Holders with information that such U.S. Holders require to report under the QEF rules. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a QEF Election.

Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election only if our Subordinate Voting shares are marketable stock. Our Subordinate Voting shares generally will be "marketable stock" if the Subordinate Voting shares are regularly traded on a qualified exchange or other market. For this purpose, a "qualified exchange or other market" includes (a) a national securities exchange that is registered with the U.S. Securities and Exchange Commission, (b) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, surveillance, and other requirements designed to prevent fraudulent and manipulative acts and practices, remove impediments to and perfect the mechanism of a free, open, fair, and orderly market, and protect investors (and the laws of the country in which the foreign exchange is located and the rules of the foreign exchange ensure that such requirements are actually enforced), and (ii) the rules of such foreign exchange effectively promote active trading of listed stocks. If the Subordinate Voting shares are traded on such a qualified exchange or other market, the Subordinate Voting shares generally will be "regularly traded" for any calendar year during which the Subordinate Voting shares are traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter.

A Mark-to-Market Election applies to the taxable year in which such Mark-to-Market Election is made and to each subsequent taxable year, unless our Subordinate Voting shares cease to be "marketable stock" or the IRS consents to revocation of such election. Each U.S. Holder should consult, and must rely upon, its own tax advisor regarding the availability of, and procedure for making, a Mark-to-Market Election.

A U.S. Holder that makes a Mark-to-Market Election generally will not be subject to the rules of Section 1291 of the Code discussed above. However, if a U.S. Holder makes a Mark-to-Market Election after the beginning of such U.S. Holder's holding period for the Subordinate Voting shares and such U.S.

Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, our Subordinate Voting shares. A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each taxable year in which we are a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Subordinate Voting shares as of the close of such taxable year over (b) such U.S. Holder's adjusted tax basis in such Subordinate Voting shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the lesser of (a) the excess, if any, of (i) such U.S. Holder's adjusted tax basis in the Subordinate Voting shares over (ii) the fair market value of such Subordinate Voting shares as of the close of such taxable year or (b) the excess, if any, of (i) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (ii) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years.

A U.S. Holder that makes a Mark-to-Market Election generally will adjust such U.S. Holder's tax basis in the Subordinate Voting shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of our Subordinate Voting shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years).

U.S. Tax Return Filing Requirements

In addition, all U.S. Holders (including certain deemed U.S. Holders) may be required to file annual tax returns (including IRS Form 8621) containing such information as the U.S. Treasury may require. For example, if a U.S. Holder owns ordinary shares during any year in which we are classified as a PFIC and the U.S. Holder recognizes gain on a disposition of our ordinary shares or receives distributions with respect to our ordinary shares, the U.S. Holder generally will be required to file an IRS Form 8621 with respect to the Company, generally with the U.S. Holder's federal income tax return for that year. The failure to file this form when required could result in substantial penalties.

Medicare Tax

Regulations issued under Section 1411 of the Code address the application of the Medicare Tax in the PFIC context. An inclusion from a PFIC as to which a QEF Election is in effect will not be taken into account as net investment income for purposes of the Medicare Tax. Instead, actual distributions out of previously taxed income will be treated as net investment income and taxable to U.S. Holders for purposes of the Medicare Tax, even though such distributions are excluded from gross income for regular income tax purposes. A U.S. Holder that is an individual, a trust, or an estate can elect to reflect the same inclusions in net investment income for Medicare Tax purposes as the inclusions taken into account for income tax purposes. The election is generally irrevocable. To the extent that an excess distribution under Section 1291 of the Code is allocated to prior years in a U.S. Holder's holding period during which we are a PFIC, the applicability of the Medicare Tax to such distributions is unclear. Each U.S. Holder should consult, and must rely upon, its own tax advisor regarding the application of the Medicare Tax in the PFIC context.

The PFIC rules are complex, and each U.S. Holder should consult its own tax advisor regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Subordinate Voting shares.

F. Dividends and Paying Agents

We have not paid any dividends on our outstanding Subordinate Voting shares to date. Holders of our Subordinate Voting shares will be entitled to receive dividends, if, as and when declared by our Board out of profits, capital or otherwise. There are no restrictions that could prevent us from paying dividends on our Subordinate Voting shares except that we may not pay dividends if that payment would render us insolvent.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the informational requirements of the Exchange Act. You may read and copy any of our reports and other information we file with the SEC and obtain copies upon payment of any prescribed fees from the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. In addition, the SEC maintains a website that contains reports and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE INFORMATION ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2024, or the Evaluation Date. Based on such evaluation, those officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures are not effective in recording, processing, summarizing and reporting, on a timely basis, information required to be included in periodic filings under the Exchange Act and that such information is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure. In particular, we identified material weaknesses in internal control over financial reporting, as discussed below.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2024 based on the criteria set forth in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on that assessment, our management concluded that our internal control over financial reporting was not effective as of December 31, 2024 due to ineffective controls over the following reporting areas to be material weaknesses:

- Our written accounting policies and documentation of management's consideration of the accounting treatment and implications over significant unusual transactions, including complex accounting associated with intangible assets, were limited and resulted in ineffective monitoring of financial reporting.
- Due to our size and stage of development, segregation of all conflicting duties may not always be possible and may not be economically feasible. During the year, we lacked sufficient review procedures and segregation of duties such that a proper review had not been performed by someone other than preparer, including manual journal entries, and that process documentation is lacking for review and monitoring controls over financial statements close process and financial reporting.

(c) Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 20-F does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting due to an exemption for emerging growth companies provided in the JOBS Act.

(d) Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the year ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting. Management will continue to monitor and evaluate the effectiveness of our internal controls and procedures over financial reporting on an ongoing basis and are committed to taking further action and implementing additional improvements as necessary.

ITEM 16. [RESERVED]

Not applicable.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Audit Committee is comprised of Harold Wolkin, Niv Shirazi and Stefania Szabo, and is chaired by Harold Wolkin. Our Board has determined that Harold Wolkin is an audit committee financial expert and that each of the other members of the committee is financially literate. Each of the members of the audit committee meets the independence requirements for directors, including the heightened independence standards for members of the Audit Committee under Rule 10A-3 under the Exchange Act, the Nasdaq Stock Market and NI 52-110.

Mr. Wolkin's experience that qualifies him as a financial expert are set forth under Item 6.A.

ITEM 16B CODE OF ETHICS

The Company has adopted home country practice as permitted by Nasdaq rules and is therefore not required to adopt a code of ethics. However, the Company adopted a code of ethics in 2022.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Reliant CPA PC ("Reliant") has served as our principal independent registered public accounting firm for the years ended December 31, 2024 and 2023.

The following table provides information regarding fees paid or to be paid by us to Reliant.

(Canadian Dollars)	Year Ended December 31,	
	2024	2023
Audit fees (1)	183,377	81,288
Audit-related fees (2)	37,283	40,066
Tax fees (3)	-	-
All other fees	-	20,141
Total	220,660	141,495

(1) Audit fees consist of professional services provided in connection with the audit of our annual financial statements.

(2) Audit-related fees consist of services in connection with our initial public offering.

(3) Tax fees consist of fees for professional services for tax compliance, tax advice, and tax audits.

Pre-Approval of Auditors' Compensation

Our Audit Committee has a pre-approval policy for the engagement of our independent registered public accounting firm to perform certain audit and non-audit services. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our auditors, the Audit Committee pre-approves annually a catalog of specific audit and non-audit services in the categories of audit services, audit-related services and tax services that may be performed by our independent registered public accounting firm. If a type of service, that is to be provided by our auditors, has not received such general pre-approval, it will require specific pre-approval by our Audit Committee. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in applicable SEC rules.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

The Company's external auditor is Reliant CPA PC, who have prepared an independent auditor's report dated March 31, 2025, in respect of the Company's consolidated financial statements with accompanying notes for the years ended December 31, 2024, 2023 and 2022.

The Company's previous external auditor was BF Borgers CPA PC, who have prepared an independent auditor's report dated May 2, 2022, in respect of the Company's financial statements with accompanying notes for the year ended December 31, 2021.

On January 16, 2023, the Company requested from BF Borgers that it resign as the Company's independent auditors. The request was approved by the Company's Audit Committee. There were no disagreements with BF Borgers on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of BF Borgers, would have caused it to make reference to the subject matter of the disagreement(s) in connection with its audit report.

Effective January 16, 2023, the Company appointed Reliant CPA PC as its independent auditors. Prior to the engagement of the newly appointed auditor, the Company did not consult the newly appointed independent auditor regarding the application of any accounting principle.

ITEM 16G. CORPORATE GOVERNANCE

As a foreign private issuer, we are permitted, and therefore follow certain home country corporate governance practices instead of those otherwise required by the Nasdaq for domestic U.S. issuers. Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on The Nasdaq Capital Market may provide less protection to you than what is accorded to investors under the Nasdaq Rules applicable to domestic U.S. issuers.

Accordingly, we have elected to follow, among others, the provisions, rather than the Nasdaq Rules, with respect to the following requirements:

- *Distribution of periodic reports to shareholders; proxy solicitation.* As opposed to the Nasdaq Rules, which require listed issuers to make such reports available to shareholders in one of a number of specific manners, Israeli law does not require us to distribute periodic reports directly to shareholders, and the generally accepted business practice in Israel is not to distribute such reports to shareholders but to make such reports available through a public website. In addition to making such reports available on a public website, we currently make our audited financial statements available to our shareholders at our offices and will only mail such reports to shareholders upon request. As a foreign private issuer, we are generally exempt from the SEC's proxy solicitation rules.

- *Quorum.* While the Nasdaq Rules require that the quorum for purposes of any meeting of the holders of a listed Company's Subordinate Voting voting stock, as specified in the Company's bylaws, be no less than 33 1/3% of the Company's outstanding issued and outstanding share capital, under Canadian law, a company is entitled to determine in its articles of association the number of shareholders and percentage of holdings required for a quorum at a shareholders meeting. Our amended and restated articles of association provides that a quorum of shareholders holding at least 5% of the issued shares entitled to be voted at the meeting.

- *Code of Conduct.* Nasdaq Rules require that the Company adopt a code of conduct applicable to all directors, officers and employees. Canadian law has no such requirement. The Company has adopted a code of conduct in the fiscal year 2022.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

The Company does not have an insider trading policy as such policy is not required under Canadian law.

73

ITEM 16K. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We recognize the importance of timely and appropriately assessing, preventing, identifying and managing risks associated with Cybersecurity Threats, as such term is defined in Form 20-F, Part II, Item 16K(a). These risks include, among other things, potential operational risks; intellectual property theft; fraud; extortion; harm to associates and customers; violation of privacy and other litigation and legal risk; and reputational risks.

To date, we have encountered no Cybersecurity Threats and have not implemented any specific policies with respect to any such threats. Our management considers Cybersecurity Threat risks alongside other company risks as part of our overall risk assessment process.

However, we intend to adopt in the near future cybersecurity processes, technologies and controls to aid in our efforts to assess, prevent, identify and manage such risks.

PART III

ITEM 17 FINANCIAL STATEMENTS

We have elected to provide financial statements and related information pursuant to Item 18.

ITEM 18 FINANCIAL STATEMENTS

The consolidated financial statements and the related notes required by this Item are included in this Annual Report beginning on page F-1.

ITEM 19 EXHIBITS

The following exhibits are included in the Annual Report on Form 20-F:

EXHIBIT INDEX

Exhibit Number	Exhibit Description
1.1	Form of Underwriting Agreement (1)
2.1	Certificate of Amalgamation (2)
2.2	Business Combination Agreement (2)

2.3	First Amendment to Business Combination Agreement (2)
2.4	Second Amendment to Business Combination Agreement (2)
3.1	Notice of Articles of the Company (2)
3.2	Amended and Restated Articles of the Company (3)
4.1	Form of March 2024 Series A Warrant (1)
4.2	Form of March 2024 Series B Warrant (1)
4.3	Form of March 2024 Pre-funded Warrant (1)
4.4	Form of Series A Warrant to Purchase Common Shares (8)
4.5	Form of Series B Warrant to Purchase Common Shares (8)
4.6	Form of PIPE Pre-funded Warrant to Purchase Common Shares (8)
10.5	Lease dated May 1, 2020, between Dalia Bzizinsky and Cannasoft Pharma Ltd. (2)
10.6	Trust Declaration dated as of October 1, 2020 (2)

10.8	Escrow Agreement dated March 29, 2021 among the Company, Computershare Investor Services and certain stockholders (2)
10.10	Stock Option Plan (7)
10.12	Share Purchase Agreement dated September 18, 2022, by and between the Company and Carmel Zigdon (4)
10.13	Shareholders Rights Plan dated January 24, 2024, by and between the Company and Computershare Investor Services Inc. (6)
10.14	Form of Exchange Agreement (8)
10.15	Form of Securities Purchase Agreement (8)
10.16	Form of Registration Rights Agreement (8)
10.17	Form of Placement Agent Agreement (8)
16.1	Letter from Dale Matheson Carr -Hilton Labonte LLP (2)
16.2	Letter from BF Borgers CPA PC (5)
16.3	Letter from Reliant CPA PC (5)
99.1	Authorization for Dealing in Controlled Substances Issued by the Ministry of Health dated October 12, 2020 (2)
99.2	Cultivation Farm license (7)
99.3	License to deal with a Controlled Substance without Contact Issued by the Ministry of Health, Israeli Medical Cannabis Agency dated February 5, 2023 (4)

- (1) Incorporated by reference to the Company's Amendment No. 1 to its Registration Statement on Form F-1 filed on March 7, 2024
- (2) Incorporated by reference to the Company's Form 20-F/A filed on July 1, 2024.
- (3) Incorporated by reference to the Company's Form 6-K filed on February 12, 2024
- (4) Incorporated by reference to the Company's Annual Report on Form 20-F filed on April 27, 2023
- (5) Incorporated by reference to the Company's Form 6-K filed on January 17, 2023
- (6) Incorporated by reference to the Company's Form 6-K filed on January 24, 2024
- (7) Incorporated by reference to the Company's Registration Statement on Form F-1 filed on February 28, 2024
- (8) Incorporated by reference to the Company's Form 6-K filed on February 28, 2025

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

FEMTO TECHNOLOGIES INC.

By: /s/ Yftah Ben Yaackov

Name: Yftah Ben Yaackov

Title: Chief Executive Officer

Date: March 31, 2025

76

Index to Financial Statements

Femto Technologies Inc.

Reports of Independent Registered Public Accounting Firms (PCAOB ID : 6906)	F-3
Consolidated Statements of Financial Position as of December 31, 2023 and 2024	F-4
Consolidated Statements of Loss and Comprehensive Loss for the Years Ended December 31, 2022, 2023 and 2024	F-5
Consolidated Statements of Changes in Shareholders' Equity (Deficiency) for the Years Ended December 31, 2022, 2023 and 2024	F-6
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2023 and 2024	F-7
Notes to Consolidated Financial Statements	F-8 - F-37

77

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2024 and 2023**

(EXPRESSED IN CANADIAN DOLLARS)

F-1

INDEX

	<u>Page</u>
Reports of Independent Registered Public Accounting Firm (PCAOB ID : 6906)	F-3
Statements of Financial Position	F-4
Statements of Loss and Comprehensive Loss	F-5
Statements of Changes in Shareholders' Equity	F-6
Statements of Cash Flows	F-7
Notes to Financial Statements	F-8 – F-37

F-2



Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Femto Technologies Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Femto Technologies Inc. (the “Company”), as of December 31, 2024 and 2023, the related consolidated statements of loss and comprehensive loss, changes in shareholders’ equity and cash flows for each of the years in the three-year period ended December 31, 2024, and related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Reliant CPA PC
Reliant CPA PC

Served as Auditor since 2023
Newport Beach, CA
March 31, 2025

F-3

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.) Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

As at	Notes	December 31, 2024	December 31, 2023
Assets			
Cash		\$ 4,617,034	\$ 3,113,934
Accounts receivable	5	315,714	189,434
Prepaid expenses		41,093	25,372
Total Current Assets		4,973,841	3,328,740
Intangible assets	6	25,262,767	33,463,103
Property and equipment	7	4,459	9,525
Total Assets		\$ 30,241,067	\$ 36,801,368
Trade payables and accrued liabilities	8	\$ 401,938	\$ 258,515
Related Parties	9	233,691	450,048
Deferred revenue	17	140,088	131,794
Enhanced voting preference shares	12	35,608	-
Long term loan – current portion	11	40,769	46,680
Total Current Liabilities		852,094	887,037
Long term loan	11	-	38,427
Derivative warrants liabilities	10	24,517,927	958,146
Derivative for settlement agreement	14	378,817	-
Liabilities for employee benefits	13	100,430	91,533
Total Liabilities		\$ 25,849,268	\$ 1,975,143
Shareholders’ Equity			
Share capital	15	\$ 76,391,417	\$ 59,367,042
Shares to be issued		-	53,567
Share-based payment reserve		1,043,586	711,267
Translation differences reserve		(164,312)	(7,246)

Capital reserve for re-measurement of defined benefit plan	13	23,534	13,764
Accumulated Deficit		(72,902,426)	(25,312,169)
Total Shareholders' equity		\$ 4,391,799	\$ 34,826,225
Total Liabilities and Shareholders' Equity		\$ 30,241,067	\$ 36,801,368

Nature of operations and going concern (Note 1)

Subsequent events (Note 21)

These financial statements were approved for issue by the Board of Directors on March 31, 2025 and signed on its behalf by:

<u>"Yftah Ben Yaackov"</u>	<u>"Gabi Kabazo"</u>
Director	Director

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

F-4

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended on December 31, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

For the year ended December 31	Notes	2024	2023	2022
Revenue	17	\$ 998,839	\$ 1,076,861	\$ 1,123,072
Cost of revenue	7, 18	(848,137)	(678,305)	(506,500)
Gross profit		150,702	398,556	616,572
Consulting and marketing		1,094,957	1,387,628	8,190
Research and Development		2,582,601	836,833	-
Depreciation and Amortization	6, 7	4,187	93,354	30,702
General and administrative expenses		1,992,163	1,254,088	821,673
Settlement agreement expenses	14	854,984	-	-
Share-based compensation		3,709,278	343,253	279,536
Professional fees		966,718	1,739,430	1,220,746
		<u>(11,204,888)</u>	<u>(5,654,586)</u>	<u>(2,360,847)</u>
Loss before other income (expense)		(11,054,186)	(5,256,030)	(1,744,275)
Other income (expense)				
Finance income (expenses), net		170,433	314	(14,451)
Foreign exchange gain (loss)		431,240	(76,469)	100,322
Gain (loss) from warrants revaluation		(28,866,166)	7,704	-
Gain (loss) from settlement agreement revaluation		(69,955)	-	-
Impairments		(8,200,336)	(13,142,481)	-
Other income (expense)		<u>(36,534,784)</u>	<u>(13,210,932)</u>	<u>85,871</u>
Loss before tax		(47,588,970)	(18,466,962)	(1,658,404)
Tax expense	20	(1,287)	(28,159)	(6,280)
Loss for the year		\$ (47,590,257)	\$ (18,495,121)	\$ (1,664,684)
Other comprehensive income (loss)				
Exchange differences on translation		(157,066)	(22,992)	(11,709)
Remeasurement of a defined benefit plan, net		9,770	485	3,835
Other comprehensive income (loss) for the year		(147,296)	(22,507)	(7,874)
Total comprehensive loss		\$ (47,737,553)	\$ (18,517,628)	\$ (1,672,558)
Loss per share – basic and diluted*		\$ (101.31)	\$ (1,550.40)	\$ (167.96)
Weighted average number of shares outstanding – basic and diluted*		469,733	12,003	9,866

* Adjusted to reflect one (1) for one hundred ninety (190) reverse stock split in March 2024 and a one (1) for seventeen (17) reverse stock split in August 2024 (see Note 1)

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

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)
Consolidated Statements of Shareholders' Equity*
For the Years Ended on December 31, 2024, 2023 and 2022
(Expressed in Canadian Dollars)

	Number of shares*	Share capital	Shares to be issued	Share purchase warrants reserve	Translation differences reserve	Share-based payment reserve	Capital reserve for re-measurement of defined benefit plan	Accumulated Deficit	Total Shareholders' Equity
Balance at January 1, 2022	9,127	\$ 10,843,471	\$ 81,967	\$ 639,879	\$ 27,455	\$ 550,517	\$ 9,444	\$ (5,152,364)	\$ 7,000,369
Proceeds for shares issued from exercise of stock options	89	371,780	-	-	-	(133,980)	-	-	237,800
Shares issued for acquisition of Zigi Carmel Initiatives and Investments Ltd. ("ZC")	2,452	42,768,000	-	-	-	-	-	-	42,768,000
Shares issued for services	4	83,752	-	-	-	-	-	-	83,752
Share-based payments	-	-	-	-	-	153,909	-	-	153,909
Shares to be issued for services	-	-	41,875	-	-	-	-	-	41,875
Proceeds for shares issued	57	739,519	(81,967)	-	-	-	-	-	657,552
Loss for the year	-	-	-	-	-	-	-	(1,664,684)	(1,664,684)
Other comprehensive loss for the year	-	-	-	-	(11,709)	-	3,835	-	(7,874)
Balance at December 31, 2022	<u>11,729</u>	<u>\$ 54,806,522</u>	<u>\$ 41,875</u>	<u>\$ 639,879</u>	<u>\$ 15,746</u>	<u>\$ 570,446</u>	<u>\$ 13,279</u>	<u>\$ (6,817,048)</u>	<u>\$ 49,270,699</u>
Shares issued for cash, net	1,430	3,729,901	-	-	-	-	-	-	3,729,901
Shares issued for services	15	190,740	(41,875)	-	-	-	-	-	148,865
Share-based payments	-	-	-	-	-	140,821	-	-	140,821
Shares to be issued for services	-	-	53,567	-	-	-	-	-	53,567
Warrants expired	-	639,879	-	(639,879)	-	-	-	-	-
Loss for the year	-	-	-	-	-	-	-	(18,495,121)	(18,495,121)
Other comprehensive loss for the year	-	-	-	-	(22,992)	-	485	-	(22,507)
Balance at December 31, 2023	<u>13,174</u>	<u>\$ 59,367,042</u>	<u>\$ 53,567</u>	<u>\$ -</u>	<u>\$ (7,246)</u>	<u>\$ 711,267</u>	<u>\$ 13,764</u>	<u>\$ (25,312,169)</u>	<u>\$ 34,826,225</u>
Share-based payments	-	-	-	-	-	332,319	-	-	332,319
Shares issued for services	151,186	3,430,526	(53,567)	-	-	-	-	-	3,376,959
Shares, pre-funded warrants and warrants issued for cash, net	51,573	7,966,357	-	-	-	-	-	-	7,966,357
Shares issued for cashless exercise of warrants	412,965	12,442,032	-	-	-	-	-	-	12,442,032
Allocation to derivative warrants liabilities	-	(7,360,662)	-	-	-	-	-	-	(7,360,662)
Shares issued pursuant to a Settlement agreement	26,471	546,122	-	-	-	-	-	-	546,122
Loss for the year	-	-	-	-	-	-	-	(47,590,257)	(47,590,257)
Other comprehensive loss for the year	-	-	-	-	(157,066)	-	9,770	-	(147,296)
Balance at December 31, 2024	<u>655,369</u>	<u>\$ 76,391,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (164,312)</u>	<u>\$ 1,043,586</u>	<u>\$ 23,534</u>	<u>\$ (72,902,426)</u>	<u>\$ 4,391,799</u>

* Adjusted to reflect one (1) for one hundred ninety (190) reverse stock split in March 2024 and a one (1) for seventeen (17) reverse stock split in August 2024 (see Note 1)

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

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)
Consolidated Statements of Cash Flows
For the Years Ended on December 31, 2024, 2023 and 2022
(Expressed in Canadian Dollars)

For the year ended December 31	2024	2023	2022
Operating activities:			
Loss for the year	\$ (47,590,257)	\$ (18,495,121)	\$ (1,664,684)
Adjustments to reconcile net loss to net cash used in operating activities:			

Depreciation	5,370	94,852	33,100
Finance expense	4,848	3,333	4,977
Change in benefits to employees	18,667	6,003	2,792
Shares issued pursuant to a settlement agreement	546,122	-	-
Loss from revaluation of settlement agreement	69,955	-	-
Derivative for settlement agreement	308,862	-	-
Loss (gain) from revaluation of warrants	28,866,166	(7,704)	-
Impairments	8,200,336	13,142,481	-
Share-based compensation	3,709,278	343,253	279,536
Foreign exchange (gain) loss	(485,453)	176,409	(106,463)
Changes in operating assets and liabilities:			
Accounts receivable	(126,280)	38,370	(30,976)
Trade payables and accrued liabilities	143,423	67,060	10,857
Related parties	(216,357)	450,048	-
Prepaid expenses	(15,721)	800,191	(785,323)
Deferred revenue	8,294	(87,274)	189,022
Net cash used in operating activities	(6,552,747)	(3,468,099)	(2,067,162)
Investing activities:			
Purchase of property and equipment	-	(7,703)	(123,172)
Investment in intangible assets	-	(366,325)	(1,886,717)
Disposal of property and equipment	-	-	1,500
Net cash used in investing activities	-	(374,028)	(2,008,389)
Financing activities:			
Proceeds from exercise of stock options	-	-	237,800
Proceeds from private placements	-	-	657,552
Proceeds from issuance of enhanced voting preference shares	35,608	-	-
Proceeds from public offering, net	7,741,342	4,695,751	-
Repayment of long term loan	(47,818)	(45,350)	(46,561)
Net cash provided by financing activities	7,729,132	4,650,401	848,791
Net Increase (decrease) in cash	1,176,385	808,274	(3,226,760)
Release of funds from escrow	-	-	2,484,634
Effect of foreign exchange rate changes on cash	326,715	(87,211)	109,647
Cash at beginning of year	3,113,934	2,392,871	3,025,350
Cash at end of year	\$ 4,617,034	\$ 3,113,934	\$ 2,392,871
Supplemental disclosure of cash flow information			
Cash paid during the year for interest	\$ 4,848	\$ 5,972	\$ 4,977
Supplemental non-cash information			
Shares issued for intangible asset in Zigi Carmel acquisition	\$ -	\$ -	\$ 42,768,000

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

F-7

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Operations

Femto Technologies Inc. (Formerly known as BYND Cannasoft Enterprises Inc.) (the “Company” or “Femto”) is a Canadian company which was amalgamated under the Business Corporations Act (British Columbia) on March 29, 2021. The Company’s registered address is 2264 East 11th Avenue, Vancouver, BC, V5N 1Z6, Canada.

The Company currently operates only in Israel and through its subsidiaries (i) develops, markets and sells a proprietary client relationship management software known as “Benefit CRM” and its new Cannabis CRM platform, and (ii) is developing the Sensera device (formerly the EZ-G Device), a unique, patent pending device that, combined with proprietary software (provisional application), regulates the flow of low-concentration CBD oils into the soft tissues of the female sexual organs.

On March 29, 2021, the Company completed the business combination transactions with BYND – Beyond Solutions Ltd. (“BYND”). As a result of the business combination transactions, BYND became a wholly owned subsidiary of the Company. This transaction was accounted for as a reverse asset acquisition of the Company by BYND (“RTO”)

On March 29, 2021, BYND completed the share exchange agreement with B.Y.B.Y. As a result of the share exchange agreement, BYND holds 74% ownership interest in B.Y.B.Y. One of the former shareholders holds the remaining 26% ownership interest in B.Y.B.Y. in trust for BYND, for the purpose to comply with Israeli Cannabis Laws regarding the ownership of medical cannabis license rights This transaction was accounted for as asset acquisition according to *IFRS 2 Share-based Payment*.

On September 22, 2022, the Company and the former shareholder of Zigi Carmel Initiatives and Investments Ltd. (“ZC”) entered into a share exchange agreement, whereby the Company would acquire 100% ownership interest in ZC from the former shareholder in exchange for 7,920,000 subordinate voting shares (2,452 subordinate voting shares post reverse splits) of the Company. The share exchange agreement was executed and fully completed on September 22, 2022.

Effective July 22, 2024, the Company changed its name to Femto Technologies Inc.

Reverse stock split

On March 15, 2024, the Company announced a one (1) for one hundred ninety (190) reverse stock split of its outstanding subordinate voting shares that became effective on March 22, 2024.

On August 16, 2024, the Company announced a one (1) for seventeen (17) reverse stock split of its outstanding subordinate voting shares that became effective on August 26, 2024.

All shares, stock options, share purchase warrants, RSU’s and per share information in these consolidated financial statements have been restated to reflect the reverse stock splits on a retroactive basis.

War in Israel

In October 2023, the Iron Swords War (the “War”) broke out in the State of Israel. The prolongation of the War led to a slowdown in business activity in the Israeli economy, inter alia due to the closure of factories in the south and north of the country, damage to infrastructure, recruitment of reserve forces for an unknown period, and therefore, to disruption of economic activity in Israel. The prolongation of the War may have wide-ranging implications for many branches and different geographical areas in the country.

The potential fluctuations in prices of merchandise, foreign currency exchange rates, availability of materials, availability of personnel, local services and access to local resources may affect entities whose main activity is with or in Israel.

Since this is an event beyond the Company’s control and characterized by uncertainty, in particular as to when the War will end, as of the approval date of these consolidated financial statements, the Company is unable to predict the intensity of the impact of the War on the Company’s financial condition and the results of BYND operations.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN (continued)

Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has incurred losses and may incur further losses in the development of its business. During the year ended December 31, 2024, the Company incurred a net loss of \$47,590,257 and had an accumulated deficit of \$72,902,426 as at December 31, 2024. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising additional capital through debt financing. However, there is no assurance it will be able to continue to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

On February 28, 2025, the Company completed the transactions contemplated under a securities purchase agreement (the “**Purchase Agreement**”) with institutional investors for the purchase and sale of approximately US\$17.0 million of subordinate voting shares and pre-funded and investor warrants at a price of US\$4.17 per subordinate voting unit.

The Company also has the ability to defer certain costs, especially those related to research and development, to match financing inflows. The Company believes that its currently available cash on hand, including additional financing described above, will be sufficient to meet its planned expenditures, alleviate the substantial doubt as to the Company’s ability to continue as a going concern, and to meet the Company’s obligations for at least the one-year period following its date of consolidated financial statements.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Issues Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. They were authorized for issue by the Company’s board of directors on March 31, 2025.

b. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of its wholly owned subsidiaries, BYND, Zigi Carmel and B.Y.B.Y.. B.Y.B.Y. is owned directly through BYND and 24% of the shares of B.Y.B.Y. are held by a related party in trust for the Company for the purpose to comply with Israeli Cannabis Laws regarding the ownership of medical cannabis license rights.

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated on consolidation.

F-9

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

c. New Accounting Standards

Standards, interpretations and amendments to standards and interpretations in the reporting period not yet effective and not yet applied:

- In April 2024, the International Accounting Standards Board issued IFRS 18, Presentation and Disclosure in the Financial Statements, which sets out the overall requirements for presentation and disclosures in the financial statements. The new standard will replace IAS 1, Presentation of Financial Statements. Although much of the substance of IAS 1, Presentation of Financial Statements, will carry over into the new standard, the new standard incrementally will:

With a view to improving comparability amongst entities, require presentation in the statement of operations of a subtotal for operating profit and a subtotal for profit before financing and income taxes (both subtotals as defined in the new standard);

Require disclosure and reconciliation, within a single financial statement note, of management-defined performance measures that are used in public communications to share management’s views of various aspects of an entity’s performance, and which are derived from the statements of income and other comprehensive income;

Enhance the requirements for aggregation and disaggregation of financial statement amounts; and

Require limited changes to the statement of cash flows, including elimination of options for the classification of interest and dividend cash flows.

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier adoption permitted. We are currently assessing the impacts of the new standard; while there will be shifts of where a number of our management-defined performance measures are disclosed and reconciled (primarily a shift from management’s discussion and analysis to the financial statements) and where certain cash flows will be categorized in our statements of cash flows (primarily a shift of interest paid from operating activities to financing activities), we do not expect that the totality of our financial disclosure will be materially affected by the application of the new standard.

- In May 2024, the International Accounting Standards Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The narrow-scope amendments are to address diversity in accounting practice in respect of the classification of financial assets with environmental, social and corporate governance and similar features; and to clarify the date on which a financial asset or financial liability is derecognized when using electronic payment systems. The new standard is effective for annual reporting periods beginning on or after January 1, 2026, with earlier adoption permitted. We are currently assessing the impacts of the new standard but do not expect to be materially affected by the application of the amendments.

d. Functional and presentation currency

The financial statements are presented in Canadian dollars. The functional currency of the Company is Canadian dollars and the functional currency of BYND, Zigi Carmel and B.Y.B.Y. is the New Israeli Shekel (“NIS”).

e. Basis of Measurement

The financial statements were prepared based on the historical costs, except for financial instruments classified as fair value through profit and loss (“FVTPL”) and assets or liabilities for employee benefits, which are stated at their fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

f. Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimating the fair value of share-based payment transactions

The Company utilizes a Black-Scholes model, or where appropriate, a Monte-Carlo Simulation to estimate the fair value of its share-based payments. In applying these models, management must estimate the expected future volatility of the Company’s estimated share price and makes such assumptions based on a proxy of publicly listed entities under an expectation that historical volatility is representative of the expected future volatility. Additionally, estimates have been made by management, in respect of the performance warrants, regarding the length of the vesting period as well as the number of performance warrants that are likely to vest.

Estimating the fair value of financial instruments

When the Company recognizes a financial instrument, where there is no active market for such an instrument, the Company utilizes alternative valuation methods. The Company utilizes inputs from observable markets to the extent that an appropriate market can be identified, but when there is a lack of such a market, the Company applies judgment to determine a fair value. Such judgments require those such as risk and volatility, of which changes in such assumptions may impact the fair value of the financial instrument.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

f. Significant estimates and assumptions (continued)

Revenue Recognition

The Company uses significant judgment to assess whether performance obligations sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. The company also applies significant judgement in determining whether a performance obligation was satisfied over time or at a point of time, depending on the transfer of the control of the goods or services. The Company recognizes revenue over time using input method, which recognizes revenue as performance of the contract progresses. Input method recognizes revenue based on an entity’s efforts or inputs toward satisfying a performance obligation relative to the total expected efforts or inputs required to satisfy the performance obligation. The Company applies significant judgment to determine the estimated hours to completion which affects revenue recognized for software development.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the company is likely to recognize their recovery from the generation of taxable income.

Useful lives of property and equipment

Estimates of the useful lives of property and equipment are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the equipment would increase the recorded expenses and decrease the non-current assets.

Impairment of Non-Financial Assets

The Company performs impairment tests on its long-lived assets, including property and equipment when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit (“CGU”) is less than its carrying value, the asset or CGU’s assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU’s recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount. There was no impairment recognized in the consolidated financial statements for the years ended December 31, 2024, 2023 and 2022.

Convertible debt

The Company evaluates at initial recognition of a convertible debt the different components and features of the hybrid instruments and determines whether these elements are equity instruments or embedded derivatives which require bifurcation. In subsequent periods, the liability component is accounted for using (i) the fair value method, or (ii) the effective interest method, based on the expected maturity of the debt. The equity component is not remeasured, while embedded derivatives unless closely related to the host instruments, are recorded at fair value through the Consolidated Statement of Operations unless the convertible debt falls under FVTPL.

Other Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include:

- the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments;
- the assessment of revenue recognition using the five-step approach under IFRS 15 and the collectability of accounts receivable; and
- the determination of the functional currency of the company.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a. Foreign Currency Transactions

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Nonmonetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Translation to presentation currency

The functional currency of the Company is the NIS, which is different from its presentation currency Canadian dollar. The financial results and position of the Company are translated from NIS to Canadian dollars as follows:

- assets and liabilities for each statement of financial position presented are translated at the exchange rate on the date of the statement of financial position;
- income and expenses for each statement of comprehensive loss are translated at the average exchange rate in effect during the reporting period;

Exchange differences arising on translation to presentation currency are recognized in other comprehensive income (loss) and recorded in the Company’s foreign currency translation reserve in equity.

b. Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

F-12

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Financial Instruments (continued)

The following table shows the classification under IFRS 9:

Financial assets / liabilities	Classification under IFRS 9
Cash	FVTPL
Accounts receivable	Amortized cost
Marketable securities	FVTPL
Trade payables and accrued liabilities	Amortized cost
Convertible debt	Amortized cost
Derivative liability	FVTPL
Promissory note	Amortized cost
Long term loan	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures

the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms are recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

c. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The cost of repairs and maintenance costs is expensed as incurred.

Depreciation is calculated using the straight-line method to depreciate their cost to their residual value over their estimated useful lives. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations. The estimated useful lives are:

Description	Years
Computers and equipment	3
Vehicles	3
Furniture and equipment	6

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if needed at least once a year.

d. Employee benefits

Short term benefits

Short term benefits to employees include salaries, medical and recreation benefits and contributions to the National Insurance Institute and are recognized as expenses upon the rendering of the services.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Post-employment benefits

The group's post-employment benefits include severance pay obligation. The plans are usually funded by deposits transferred into pension funds and managers' insurance plans and are classified as defined benefit plans.

According to the Severance Pay Law employees are entitled to receive severance pay when they are dismissed or when they retire. The liability for termination of employer-employee relations presented in the report of the financial position is the present value of the defined benefit obligation at the report of the financial

position date, less the fair value of plan assets on the end of the reporting period out of which the obligation shall be directly paid, adjusted to any net limitation of the asset for defined benefit to asset ceiling. The defined benefit liability is calculated by actuarial methods using the projected unit credit method.

The current service cost and net interest on the net liability in respect of defined benefits are recognized in profit or loss. Re-measurements of the net liability in respect of defined benefits which are recognized in other comprehensive profit, include actuarial profits and losses and return on the assets of the plan (excluding amounts which were included in net interest). Re-measurements of the net liability in respect of defined benefits which were recognized in other comprehensive profit are not re-classified to profit or loss in a subsequent period.

e. Revenue recognition

The Company's revenue is primarily derived from service rendered for software development, cloud hosting, customer training and customer service support, and software sales from the licensing and sales of its customer relationship management ("CRM") software. The Company recognizes revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*.

In applying IFRS 15, the Company uses significant judgments to assess whether performance obligations sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. The Company also applies significant judgement in determining whether a performance obligation was satisfied over time or at a point of time, depending on the transfer of the control of the goods or services. The Company recognizes revenue over time using input method, which recognizes revenue as performance of the contract progresses and reflects the Company's performance in passing control in the products and services promised to the customer. Input method recognizes revenue based on an entity's efforts or inputs toward satisfying a performance obligation relative, primarily by development work hours expended, to the total expected efforts or inputs required to satisfy the performance obligation. The Company applies significant judgment to determine the estimated work hours to completion which affects revenue recognized for software development.

The Company recognizes revenue when control over the promised product or services is transferred to the customer. Revenue is measured at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company accounts for contracts with customers when it has approval and commitment for both parties, each party's right have been identified, payment terms are defined, the contract has commercial substance and collection is probable. For contracts that involve multiple performance obligations, the Company allocates the transaction price to each performance obligation in the contract based on the relative standalone selling prices and recognize revenue when, or as, performance obligations in the contacts are satisfied.

F-15

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Revenue recognition (continued)

Software development

The Company provides software customization and development service to its customers. Revenue is generally recognized over time by measuring the progress towards complete satisfaction of the performance obligation in a manner reflecting the Company's performance in passing control in the products and services promised to the customer.

Software license

The Company provides the right to access its CRM software through licensing and sales of its CRM software. Revenues from software license are recognized at the point of time when the right to access the software is provided and the control of the license is transferred to the customer.

Software support

The Company provides ongoing software support to its customers who purchase and use its CRM software. Revenue from software support services is recognized over time as the support service is rendered.

Cloud hosting

The Company hosts the customer's software and applications on its cloud platform. Revenue from cloud hosting is recognised over time when the hosting service is provided.

Other services

The Company provides cloud backup, customer training and other consulting services which are distinct from other services and products offered. Revenue from other services is recognized as services are provided.

Revenue is presented net of taxes collected from customers and remitted to government authorities. The difference between contractual payments received and revenue recognized is recorded as deferred revenue when receipts exceed revenue.

f. Cost of revenue

Cost of revenue and services include the expenses incurred to develop software and provide technical support to customers, which include payroll for all employees, compensation to subcontractors that are directly involved in the development and providing technical support, cost of purchasing any third party components that are integrated with the Company's software and then delivered to the customers, and other indirect costs such as depreciation of computer and equipment that are used in providing goods and service to customers. Third party component may include third party software, platform or hardware.

F-16

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Research and Development

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

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

h. Leases

The Company treats a contract as a lease when according to its terms it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company determines whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As is permitted under IFRS 16, the Company may elect to expense its short-term leases (term of 12 months or less) and leases of low-value assets, on a straight-line basis over the lease term.

As lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease or if that rate cannot be readily determined, the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are comprised of:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise the option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is measured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

F-17

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Deferred taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j. Estimating the incremental borrowing rate on leases

The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company “would have to pay”, which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

F-18

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Estimating the fair value of share-based payment transactions

The Company utilizes a Black-Scholes model, or where appropriate, a Monte-Carlo Simulation to estimate the fair value of its share-based payments. In applying these models, management must estimate the expected future volatility of the Company’s estimated share price and makes such assumptions based on a proxy of publicly listed entities under an expectation that historical volatility is representative of the expected future volatility. Additionally, estimates have been made by management, in respect of the performance warrants, regarding the length of the vesting period as well as the number of performance warrants that are likely to vest.

l. Estimating the fair value of financial instruments

When the Company recognizes a financial instrument, where there is no active market for such an instrument, the Company utilizes alternative valuation methods. The Company utilizes inputs from observable markets to the extent that an appropriate market can be identified, but when there is a lack of such a market, the Company applies judgment to determine a fair value. Such judgments require those such as risk and volatility, of which changes in such assumptions may impact the fair value of the financial instrument.

m. Basic and diluted income (loss) per share

The Company presents basic income (loss) per share data for its subordinate voting shares, calculated by dividing the income (loss) attributable to subordinate voting shareholders of the Company by the weighted average number of subordinate voting shares outstanding during the period. The diluted income (loss) per

share is determined by adjusting the income (loss) attributable to subordinate voting shareholders and the weighted average number of subordinate voting shares outstanding for the effects of all options, warrants and similar instruments outstanding that may add to the total number of subordinate voting shares. During the years ended December 31, 2024 and 2023, the Company does not have any dilutive instruments outstanding. In addition, because the Company incurred net losses, the effect of dilutive instruments would be anti-dilutive and therefore diluted loss per share equals basic loss per share.

NOTE 4 – ACQUISITIONS

Acquisition of Zigi Carmel

On September 22, 2022, the Company and the former shareholder of Zigi Carmel Initiatives and Investments Ltd. (“ZC”) entered into a share exchange agreement, whereby the Company would acquire 100% ownership interest in ZC from the former shareholder in exchange for 7,920,000 subordinate voting shares (2,452 subordinate voting shares post reverse splits) of BYND. The share exchange agreement was executed and fully completed on September 22, 2022.

F-19

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 4 – ACQUISITIONS (continued)

The acquisition of ZC has been accounted for as asset acquisition according to *IFRS 2 Share-based Payment* as the acquired assets and liabilities do not constitute a business under *IFRS 3 Business Combinations*. The transaction price of the acquisition was measured according to the fair value of the subordinate voting shares given in consideration for the assets and liabilities assumed from the acquisition, with equity increased by the corresponding amount equal to the total fair value of the subordinate voting shares given. As a result, the acquisition was recorded with the consideration as detailed in the table below:

Consideration transferred:	\$	
Value allocated to shares issued - 7,920,000 shares (2,452 shares post reverse splits) at \$5.40 per share		42,768,000
Fair value of assets and liabilities acquired:		
Investments		137,811
Intangible asset – patents pending		42,768,000
Shareholder loan		(137,811)
		<u>42,768,000</u>

The intangible asset acquired in the acquisition of ZC is attributed to 2 patents pending for a therapeutic device (the “Sensera” device) owned by ZC. The company has determined that the patents pending shall not be amortized until they are approved and then will be amortized over the course of their life.

NOTE 5 – ACCOUNTS RECEIVABLE

	December 31, 2024	December 31, 2023
Trade receivables	\$ 113,422	\$ 119,094
Income tax advances	66,444	52,003
Interest receivable	134,823	17,494
Due from shareholders	1,025	843
	<u>\$ 315,714</u>	<u>\$ 189,434</u>

Information on the Company’s exposure to credit risk and market risk, as well as impairment losses on trade receivables and other accounts receivable, is provided in Note 15.

NOTE 6 – INTANGIBLE ASSETS

The Company’s intangible assets relate to the proprietary Cannabis CRM software the Company is developing, Patents pending for the Sensera device (Note 4) as well as the primary growing license for medical cannabis in Israel.

The additions for the software include cost of wages of the software developers for the time they spend on developing the Cannabis CRM software.

The additions for year ended December 31, 2022 for the Patents include the fair value attributed to the Patents upon the acquisition of ZC of \$42,768,000 as well as transaction and other costs in the amount of \$193,382, for a total of \$42,961,382.

F-20

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)

NOTE 6 – INTANGIBLE ASSETS (continued)

The Company considered indicators of impairment at December 31, 2024 and 2023. The Company recorded impairment loss during the year ended December 31, 2024 for the patents pending since the recoverable amount is lower than the carrying amount. The recoverable amount of the CGU was determined using fair value less costs to sell based on a third-party valuation. The valuation used a market approach with Level 2 inputs, including recent comparable transactions and observable market data. Costs of disposal were estimated at 2% of fair value.

The Company recorded impairment loss during the year ended December 31, 2023 for the license, the software and the patents pending. The impairment for the software and the license was done mainly because of recent medical cannabis legislation changes in Israel that have materially affected the value of these assets. The impairment for the Patents pending was done because of updated forecasts for the revenue the Company anticipates to generate from these patents pending.

	<u>Software</u>	<u>License</u>	<u>Patents Pending</u>	<u>Total</u>
Cost				
Balance, December 31, 2022	\$ 2,350,473	\$ 850,000	\$ 42,961,382	\$ 46,161,855
Additions	366,325	-	-	366,325
Impairments	(2,525,459)	(850,000)	(9,498,279)	(12,873,738)
Translation differences	(110,101)	-	-	(110,101)
Balance, December 31, 2023	<u>81,238</u>	<u>-</u>	<u>33,463,103</u>	<u>33,544,341</u>
Additions	-	-	-	-
Impairments	-	-	(8,200,336)	(8,200,336)
Translation differences	-	-	-	-
Balance December 31, 2024	<u>\$ 81,238</u>	<u>\$ -</u>	<u>25,262,767</u>	<u>\$ 25,344,005</u>
Accumulated amortization				
Balance, December 31, 2022	\$ -	\$ -	-	-
Amortization	81,406	-	-	81,406
Translation differences	(168)	-	-	(168)
Balance, December 31, 2023	<u>81,238</u>	<u>-</u>	<u>-</u>	<u>81,238</u>
Amortization	-	-	-	-
Translation differences	-	-	-	-
Balance December 31, 2024	<u>\$ 81,238</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 81,238</u>
Net book value				
At December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,463,103</u>	<u>\$ 33,463,103</u>
At December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,262,767</u>	<u>\$ 25,262,767</u>

* Reclassified software development costs from Capital Work in Progress (Note 8) to Intangible Assets – Software (See Note 4)

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>Computers & Equipment</u>	<u>Vehicles</u>	<u>Furniture & Equipment</u>	<u>Capital Work In Progress</u>	<u>Total</u>
Costs					
Balance, January 1, 2023	29,019	181,052	33,310	279,025	522,406
Additions	6,664	-	1,039	704	8,407
Impairments	-	-	-	(268,743)	(268,743)
Translation differences	(1,519)	(9,419)	(1,735)	(10,986)	(23,659)
Balance, December 31, 2023	<u>34,164</u>	<u>171,633</u>	<u>32,614</u>	<u>-</u>	<u>238,411</u>
Additions	-	-	-	-	-
Impairments	-	-	-	-	-
Translation differences	2,448	13,788	2,621	-	18,857

Balance, December 31, 2024	\$ 36,612	\$ 185,421	\$ 35,235	\$ -	\$ 257,268
Accumulated depreciation					
Balance as of January 1, 2023	27,588	169,535	30,168	-	227,291
Depreciation	2,172	9,377	1,897	-	13,446
Translation differences	(1,439)	(8,839)	(1,573)	-	(11,851)
Balance, December 31, 2023	28,321	170,073	30,492	-	228,886
Depreciation	3,204	1,582	584	-	5,370
Translation differences	2,299	13,766	2,488	-	18,553
Balance, December 31, 2024	\$ 33,824	\$ 185,421	\$ 33,564	\$ -	\$ 252,809
Net book value					
At December 31, 2023	\$ 5,843	\$ 1,560	\$ 2,122	\$ -	\$ 9,525
At December 31, 2024	\$ 2,788	\$ -	\$ 1,671	\$ -	\$ 4,459

During the year ended December 31, 2024, depreciation of \$1,184 (2023 - \$1,498) related to computer and equipment is included in cost of revenue.

As of December 31, 2023 and 2022 the Company's Capital work in progress relates to the ongoing investment in the future medical cannabis cultivation facility in Moshav Kochav Michael, Israel which includes permits and design.

The Company considered indicators of impairment at December 31, 2023 and 2022. The Company recorded impairment loss during the year ended December 31, 2023 for the capital work in progress.

The impairment for the capital work in progress was done mainly because of recent medical cannabis legislation changes in Israel that have materially affected the value of this asset.

On January 4, 2024 the Company has taken the decision to suspend all activities related to the construction of the medical cannabis cultivation facility.

F-22

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 8 – TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Trade payables	\$ 322,235	\$ 157,705
VAT, income and dividend taxes payable	29,625	28,027
Salaries payable	50,078	72,783
	<u>\$ 401,938</u>	<u>\$ 258,515</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel, not including normal employee compensation, made during the years ended December 31, 2024, 2023 and 2022 is set out below:

	December 31, 2024	December 31, 2023	December 31, 2022
Salary (cost of sales and services)	\$ 284,694	\$ 258,281	\$ 200,747
Salary (general and administrative expenses)	1,727,498	970,487	376,237
Share based payments	3,031,491	343,253	153,909
Salary (Intangible asset – software)	-	137,374	553,326
Consulting (research and development)	123,289	83,699	-
Consulting (Capital work in progress)	-	-	75,274
Consulting (Professional fees)	163,968	81,616	143,500
	<u>\$ 5,330,940</u>	<u>\$ 1,874,710</u>	<u>\$ 1,502,993</u>

As of December 31, 2024 and 2023, \$1,025 and \$843, respectively, was owed from shareholders of the Company. Amounts owed were recorded in accounts receivable are non-interest bearing and unsecured.

As at December 31, 2024 and 2023, \$233,691 and \$450,048, respectively, was owed to directors of the Company. Amounts due are owed for consulting and director fees and were recorded in accounts payable are non-interest bearing and unsecured.

NOTE 10 – DERIVATIVE WARRANTS LIABILITIES

On December 21, 2023, the Company issued 2,884,616 warrants (183,414 warrants at an exercise price of US \$8.1782 post reverse splits) in connection with its December 2023 Registered direct public offering (“December 2023 Warrants”). The warrant includes a cashless exercise provision and repricing adjustments for offerings at a price lower than the existing exercise price of the warrants, stock splits, reclassifications, subdivisions, and other similar transactions and also the exercise price of the warrant is not denominated in the functional currency of the Company, therefore, these warrants were recorded at their fair value as a derivative liability at the time of the grant and revalued at the end of each reporting period.

On March 27, 2024, following the March 2024 Public offering, which included the offering of subordinate voting shares at a price lower than the exercise price of the December 2023 Warrants, the exercise price of the December 2023 Warrants was reduced to US \$1.3643, and each December 2023 Warrant became convertible into 72.42 subordinate voting shares of the Company.

On August 27, 2024, following the 1:17 reverse stock split, the exercise price of the December 2023 Warrants was updated to \$8.1782, and each December 2023 warrant became convertible into 31.7 subordinate voting shares of the Company.

On March 14, 2024, the Company issued 134,166,665 Series A Warrants (41,538 A warrants post reverse splits) and 268,333,330 Series B Warrants (83,075 B warrants post reverse splits) in connection with its March 2024 public offering (“March 2024 A Warrants and B Warrants”). The B warrants include a cashless exercise provision, the A warrants included an alternative cashless provision that allows the holder to exercise the warrant to a share for no consideration, the warrants also include provisions for repricing adjustments for offerings at a price lower than the existing exercise price of the warrants, stock splits, reclassifications, subdivisions, and other similar transactions and also the exercise price of the warrant is not denominated in the functional currency of the Company, therefore, these warrants were recorded at their fair value as a derivative liability at the time of the grant and revalued at the end of each reporting period. As of March 14, 2024, the value of the A warrant was \$0.023 and the B warrant was \$0.0209, therefore the value of net proceedings of \$7,360,662 was allocated to the derivative liability.

On March 27, 2024, following the 1:190 reverse stock split, the exercise price of the March 2024 A Warrants and B Warrants was reduced to \$1.3643, and each B warrant became convertible into 14.21 subordinate voting shares of the Company.

On August 27, 2024, following the 1:17 reverse stock split, the exercise price of the March 2024 A Warrants and B Warrants was reduced to \$8.1782, and each B warrant became convertible into 31.7 subordinate voting shares of the Company.

During the year ended December 31, 2024, the Company recorded a loss on the revaluation of the total derivative liabilities of \$28,866,166, in the consolidated statements of Operations and Comprehensive Loss.

F-23

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 10 – DERIVATIVE WARRANTS LIABILITIES (continued)

The Company engaged an outside valuation company to calculate the fair value of the derivative warrants, the March 2024 A Warrants were valued at the share price for the day of valuation due to the alternative cashless provision while Valuation for the March 2024 B Warrants and the December 2023 Warrants was based on the Monte Carlo simulation model with the following assumptions:

	December 31, 2024	March 14, 2024
Share Price	US \$ 7.95	US\$0.023
Exercise Price	US \$ 8.1782	US\$0.102
Expected life	1.7- 4.2 years	2.5-5 years
Risk-free interest rate	4.34%	4.29 %
Dividend yield	0.00%	0.00%
Expected volatility	95%	95%
Early exercise threshold	US \$ 12.2673	US \$0.153

The following table presents the Monte Carlo assumptions for the dates on which B warrants were exercised:

	April 1, 2024	April 9, 2024	May 17, 2024	May 21, 2024	August 29, 2024	September 3, 2024
Share Price	US \$ 1.43	US\$1.06	US\$1.1107	US\$1.25	US\$8.3	US\$8.5
Exercise Price	US \$ 1.3643	US\$1.3643	US\$1.3643	US\$1.3643	US\$8.1782	US\$8.1782
Expected life	4.9534 years	4.9315 years	4.8274 years	4.8164 years	4.5425 years	4.5288 years
Risk-free interest rate	4.35%	4.38%	4.46%	4.45%	3.69%	3.66%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	100.9%	102.26%	107.28%	107.25%	100.03%	99.86%

Early exercise threshold	US \$ 2.0465	US \$2.0465	US \$2.0465	US \$2.0465	US \$12.2673	US \$12.2673
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The following table presents the changes in the warrant liability during the period:

Balance as of December 31, 2023	\$	958,146
Issuance of March 2024 warrants		7,360,662
Reclassification to equity on exercise of warrants	(12,667,047)
Changes in fair value and modification of warrants*		28,866,166
Balance as of December 31, 2024	\$	24,517,927

The December 2023 warrants, Series A warrants and Series B warrants were modified after each reverse split due to reverse split provision which has impacted the number of warrants, their exercise price and value which is included in the changes in fair value and modification of warrants.

A summary of the warrants outstanding for the year ended December 31, 2024 are summarized as follows:

	Number of December 2023 Warrants	Number of Series A Warrants	Number of Series B Warrants
Outstanding at January 1, 2022	-	-	-
Issued during the period	-	-	-
Exercised during the period	-	-	-
Cancelled during the period	-	-	-
Outstanding at December 31, 2022	-	-	-
Issued during the period	2,884,616	-	-
Exercised during the period	-	-	-
Expired during the period	-	-	-
Outstanding at December 31, 2023	2,884,616	-	-
Issued during the period	-	134,166,665	268,333,330
Adjustment following the March 2024 reverse split	(1,785,151)	(127,101,046)	(248,271,760)
Exercised during the period	-	(7,020,384)	(172,766)
Adjustment following the August 2024 reverse split	(916,051)	(37,689)	(16,570,923)
Exercised during the period	-	-	(5,299)
Outstanding at December 31, 2024	184,314	7,546	3,312,582
Exercise price at December 31, 2024	US\$4.32	US\$7.95	US\$ 4.89
Remaining life in years	3.97	1.7	4.2

NOTE 11– LONG TERM LOAN

During the year ended December 31, 2020, the Company secured a term loan with a principal amount of \$182,542 (NIS 500,000) from an Israeli bank. The loan bears interest at a variable rate of Prime + 1.5% per annum and matures on September 18, 2025. The loan is subject to 48 monthly payments commencing October 18, 2021. \$9,127 (NIS 25,000) was deposited in the bank as security for the loan.

The activities of the long term loan during the years ended December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Balance, opening	\$ 85,107	\$ 135,971
Addition	-	-
Repayments	(47,818)	(45,350)
Interest expense, accrued	4,848	3,333
Translation difference	(1,368)	(8,847)
Balance, ending	40,769	85,107
Less:		
Long term loan – current portion	40,769	46,680
Long term loan – non-current portion	\$ -	\$ 38,427

The undiscounted repayments for each of the next four years and in the aggregate are:

Year ended	Amount
December 31, 2025	\$ 40,769
	\$ 40,769

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)**Notes to the Consolidated Financial Statements****For the Years Ended for December 31, 2024, 2023 and 2022**

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 12 – ENHANCED VOTING PREFERENCE SHARES

On September 20, 2024, the Company issued 75,000 Enhanced Voting Preference Shares (4,412 Enhanced Voting Preference Shares post reverse split) (the “Preference Shares”) to its Chief Executive Officer. The Preference Shares carry 50 votes per share but are without dividend rights. The Preference Shares expire automatically and revert back to the Company upon the earlier to occur of (i) the third anniversary of the date of issuance of the Preference Shares, or (ii) the Chief Executive Officer ceasing to hold office.

The creation and issuance of the Preference Shares had been approved by the Company’s shareholders at a duly called meeting on August 1, 2024.

These shares are accounted as a liability since the Company has a contractual obligation to repurchase the shares from its Chief Executive Officer and cannot be accounted as an equity instrument.

Reverse Stock Split

On October 18, 2024, the Company effected a 1-for-17 reverse stock split of its outstanding enhanced voting preference shares.

NOTE 13 – EMPLOYEE BENEFITS

The severance pay liability constitutes a defined benefit plan and was calculated using actuarial assumptions. In measuring the present value of the defined benefit obligation and the current service costs the projected unit credit method was used.

a. Plan asset (liability)

Information on the Company’s defined benefit pension plan and other defined benefit plans, in aggregate, is summarized as follows:

	December 31, 2024	December 31, 2023
Defined benefit plan liability	\$ (100,430)	\$ (91,533)
Less:		
fair value of plan asset or asset ceiling	-	-
	<u>\$ (100,430)</u>	<u>\$ (91,533)</u>

F-25

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)**Notes to the Consolidated Financial Statements****For the Years Ended for December 31, 2024, 2023 and 2022**

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 13 – EMPLOYEE BENEFITS (continued)**b. Changes in the present value of the defined benefit plan liability**

The following are the continuities of the fair value of plan asset or plan liability and the present value of the defined benefit plan obligations:

	December 31, 2024	December 31, 2023
Balance, opening	\$ (91,533)	\$ (86,016)
Recognized in profit and loss for the year:		
Interest cost	(5,614)	(4,638)
Current service cost	(5,605)	(5,860)
Actuarial gain (loss) for change of assumptions	9,770	485
Translation differences	(7,448)	4,496
Balance, ending	<u>\$ (100,430)</u>	<u>\$ (91,533)</u>

The actual amount paid may vary from the estimate based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

c. Major assumptions in determining the defined benefit plan liability

The principal actuarial assumptions used in calculating the Company’s defined benefit plan obligations and net defined benefit plan cost for the years were as follows (expressed as weighted averages):

	December 31, 2024	December 31, 2023
Capitalization rate	3.00%	3.15%
Salary growth rate	0%	0%
Retirement rate	5%	5%

d. Sensitivity analysis

The following table outlines the key assumptions for the years ended December 31, 2024 and 2023 and the sensitivity of a 1% change in each of these assumptions on the defined benefit plan obligations and the net defined benefit plan cost.

The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	December 31, 2024	December 31, 2023
Capitalization rate:		
Impact of: 1% increase	\$ (4,913)	\$ (4,775)
1% decrease	5,782	5,720
Salary growth rate:		
Impact of: 1% increase	\$ 5,906	\$ 5,856
1% decrease	-	-

NOTE 14 – DERIVATIVE FOR SETTLEMENT AGREEMENT

On May 27, 2024, pursuant to a Settlement Agreement dated May 27, 2024 (the “Settlement Agreement”), the Company issued 450,000 subordinate voting shares (26,471 subordinate voting shares post reverse split on August 2024) (valued at US\$400,500 or \$546,122) in settlement of a dispute with the co-owner (the “co-owner”) of a farm following the Company’s decision to suspend the construction of a cannabis farm on that property. Under the Settlement Agreement, the shares that grant full voting rights to the co-owner are to be held in escrow by the Company until the earlier of (a) the third anniversary of the Settlement Agreement, or (b) the date on which the Company’s board of directors resolves not to construct the cannabis farm. The number of shares to be released is subject to adjustment in the event that the market price of the Company’s subordinate voting shares is lower than US\$15.13 per share on the date of release.

The 450,000 subordinate voting shares are classified in equity since the co-owner holds full voting rights with these shares and these shares will remain in the co-owner’s ownership in any event. Since the Company also has a contractual obligation to issue an additional variable number of shares on the date of release, these additional to be issued shares are presented as a derivative liability.

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

	December 31, 2024	May 27, 2024
Weighted average fair value of derivative	US \$ 0.59	US\$ 0.50
Risk-free interest rate	2.93%	4.12%
Estimated life (in years)	2.42	3
Expected volatility	107.47%	110.01%
Expected dividend yield	0%	0%

The following table presents the changes in the derivative liability during the period:

Balance as of December 31, 2023	\$
Issuance of derivative	308,862
Changes in fair value of derivative	69,955
Balance as of December 31, 2024	\$ 378,817

F-26

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 15 – EQUITY

Authorized

Unlimited number of subordinate voting shares without par value.

Issued

As of December 31, 2024, 655,369 subordinate voting shares were issued and outstanding.

During the year ended December 31, 2024

On January 4, 2024, the Company issued 17,915 subordinate voting shares (6 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a total fair value of \$53,568.

On March 14, 2024 the Company announced the closing of an underwritten public offering with gross proceeds to the Company of approximately of \$9,458,400 before deducting underwriting discounts and other expenses paid by the Company in the amount of \$2,097,738, totaling in a net amount of \$7,360,662. Pursuant to the offering, and the overallotment allocation, The Company issued 116,680,710 subordinate voting shares (614,109 subordinate voting shares post reverse splits on March 2024 and August 2024), 134,166,665 series A warrants and 268,333,330 series B warrants. See note 10 for a discussion of the terms of the series A and B warrants.

On April 5, 2024, the Company issued 95 subordinate voting shares (6 subordinate voting shares post reverse split) to two directors following the vesting of RSU's with a total fair value of \$53,568.

On April 8, 2024, the Company granted 1,180,000 RSUs (69,412 RSUs post reverse split) to directors and consultants of the Company, the RSUs vested immediately, and 1,180,000 subordinate voting shares (69,412 subordinate voting shares post reverse split) were issued on April 8, 2024 with a fair value of \$1,645,287.

On April 9, 2024, the Company granted 100,000 RSUs (5,882 RSUs post reverse split) to a consultant of the Company, the RSUs vested immediately, and 100,000 subordinate voting shares (5,882 subordinate voting shares post reverse split) were issued with a fair value of \$143,927.

On May 27, 2024, pursuant to a Settlement Agreement Dated May 27, 2024 (the "Settlement Agreement"), the Company issued 450,000 subordinate voting shares (26,471 subordinate voting shares post reverse split) (valued at US\$400,500 or \$546,122) in settlement of a dispute with the co-owner of a farm following the Company's decision to suspend the construction of a cannabis farm on that property. Under the Settlement Agreement, the shares are to be held in escrow by the Company until the earlier of (a) the third anniversary of the Settlement Agreement, or (b) the date on which the Company's board of directors resolves not to construct the cannabis farm. The number of shares to be released is subject to adjustment in the event that the market price of the Company's subordinate voting shares is lower than US\$15.13 per share on the date of release.

On June 14, 2024, the Company issued 1,238,525 subordinate voting shares (72,854 subordinate voting shares post reverse split) to three directors following the vesting of RSU's with a fair value of \$1,205,315.

On June 19, 2024, the Company issued 23,543 subordinate voting shares (1,385 subordinate voting shares post reverse split) to directors and consultants of the Company following the vesting of RSU's with a fair value of \$22,657.

On July 16, 2024, the Company issued 28,000 subordinate voting shares (1,647 subordinate voting shares post reverse split) to a consultant following the vesting of RSU's with a fair value of \$24,841.

As of December 31, 2024, the Company issued 614,109 subordinate voting shares (36,124 subordinate voting shares post reverse split) following the closing of the underwritten public offering on March 14, 2024 as well as 7,020,384 subordinate voting shares (412,964 subordinate voting shares post reverse split) following the cashless exercise of A warrants , 172,766 subordinate voting shares (10,163 subordinate voting shares post reverse split) following the exercise of B warrants at an exercise price of US\$1.3643 per subordinate voting share and 5,299 subordinate voting shares following the exercise of B warrants at an exercise price of US\$8.1782 per subordinate voting share.

During the year ended December 31, 2023

On January 3, 2023, the Company issued 6,727 subordinate voting shares (2 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of \$6.20, for a compensation amount of \$41,875.

On April 4, 2023, the Company issued 6,727 subordinate voting shares (2 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of \$6.20, for a compensation amount of \$41,730.

On April 27, 2023, the Company granted 43,847 RSU's (14 RSU's post reverse splits) to two directors, 25% of the RSUs will vest each 3 months with the last tranche vesting on April 27, 2024.

NOTE 15 – EQUITY (continued)

On July 4, 2023, the Company issued 10,961 subordinate voting shares (3 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of \$3.82, for a compensation amount of \$41,871.

On July 19, 2023 the Company issued 1,733,334 subordinate voting shares (537 subordinate voting shares post reverse splits) at a price of US\$1.50 per share following the closing of an underwritten public offering with gross proceeds to the Company of \$3,424,201, before deducting underwriting discounts and other estimated expenses paid by the Company in the amount of \$405,636, totaling in a net amount of \$3,018,565.

On August 8, 2023, the Company granted 27,819 RSU's (9 RSU's post reverse splits) to two directors, 50% of the RSUs will vest after 6 months, 25% after 9 months and 25% after a year.

On October 10, 2023, the Company granted 10,935 RSU's (3 RSU's post reverse splits) to a consultant, the RSUs will vest over 4 months and a day.

On October 23, 2023, the Company issued 24,869 subordinate voting shares (8 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of \$2.62, for a compensation amount of \$65,264.

On December 21, 2023 the Company issued 2,884,616 subordinate voting shares (893 subordinate voting shares post reverse splits) at a price of US\$0.52 per share following the closing of a registered direct public offering with gross proceeds to the Company of \$1,996,650, before deducting underwriting discounts and other estimated expenses paid by the Company in the amount of \$319,464, totalling in a net amount of \$1,677,186. The offering was for sale of 2,884,616 units (15,182 units post reverse split), each consisting of one subordinate voting share and one common warrant to purchase one subordinate voting share per warrant at an exercise price of US\$0.52 (Note 10).

On December 31, 2023, the Company granted 93,069 RSU's (29 RSU's post reverse split) to a director and a consultant, the RSUs will vest over 4 months and a day.

During the year ended December 31, 2022

On January 13, 2022, the Company completed a non-brokered private placement financing wherein it raised \$122,950 through the issuance of 40,983 subordinate voting shares (13 subordinate voting shares post reverse splits) at a price of \$3.00 per share.

On May 3, 2022, 150,000 stock options (46 stock options post reverse splits) were exercised to subordinate voting shares for total proceeds of \$123,000.

On July 4, 2022 the Company issued 6,727 subordinate voting shares (2 subordinate voting shares post reverse splits) following the vesting of RSU's.

On September 20, 2022 140,000 stock options (43 stock options post reverse splits) were exercised to subordinate voting shares for a total proceeds of \$114,800.

On September 22, 2022, as part of the acquisition of Zigi Carmel described in note 4, the Company issued 7,920,000 of its subordinate voting shares (2,452 of its subordinate voting shares post reverse splits) to the former shareholder of Zigi Carmel in exchange for all of the issued and outstanding shares of Zigi Carmel.

On October 3, 2022, the Company issued 6,727 subordinate voting shares (2 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's.

On October 5, 2022, the Company completed a non-brokered private placement financing wherein it raised \$616,570 through the issuance of 142,395 subordinate voting shares (44 subordinate voting shares post reverse splits) at a price of \$4.33 per share.

Warrants

A summary of the warrants outstanding for the year ended December 31, 2024 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at January 1, 2022	400,000	\$ 1.30
Granted during the period	-	\$ -
Exercised during the period	-	\$ -
Cancelled during the period	-	\$ -
Outstanding at December 31, 2022	400,000	\$ 1.30
Granted during the period	-	\$ -
Exercised during the period	-	\$ -
Expired during the period	(400,000)	\$ 1.30
Outstanding at December 31, 2023	-	\$ -
Granted during the period	-	\$ -
Cancelled during the period	-	\$ -
Outstanding at December 31, 2024	-	\$ -

NOTE 15 – EQUITY (continued)**Stock options**

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of subordinate voting shares that may be subject to option at any one time may not exceed 30% of the issued subordinate voting shares of the Company as of that date, including options granted prior to the adoption of the plan. The exercise price of these options is not less than the Company's closing market price on the day prior to the grant of the options. Options granted may not exceed a term of ten years.

A summary of the stock options outstanding for the year ended December 31, 2024 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 2022	277	3,746.8
Granted during the period	3	\$ 20,026
Exercised during the period	(90)	\$ 2,648.6
Cancelled during the period	-	\$ -
Outstanding at December 31, 2022	190	\$ 4,554.3
Granted during the period	31	\$ 6,844.4
Exercised during the period	-	\$ -
Cancelled during the period	-	\$ -
Outstanding at December 31, 2023	221	\$ 4,862.8
Granted during the period	201	\$ 2,308.2
Cancelled during the period	(422)	\$ 3,646
Outstanding at December 31, 2024	-	\$ -
Exercisable at December 31, 2024	-	\$ -

F-29

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)**Notes to the Consolidated Financial Statements****For the Years Ended for December 31, 2024, 2023 and 2022**

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 15 – EQUITY (continued)

During the year ended December 31, 2023, there were 10,000 stock options (31 stock options post reverse splits) granted to directors of the Company with an exercise price ranging from \$1.93 to \$3.82 per share.

As of December 31, 2023, 667,500 of these stock options (207 of these stock options post reverse splits) were vested. During the year ended December 31, 2023, the Company recorded \$140,821 in share-based payment expense.

During the year ended December 31, 2022, there were 10,000 stock options (3 stock options post reverse splits) granted to a director of the Company with an exercise price of \$6.20 per share (\$20,026 per share post reverse splits) and 290,000 stock options (90 stock options post reverse splits) were exercised to shares.

As of December 31, 2022, 612,500 of these stock options (190 post reverse splits) were vested. During the year ended December 31, 2022, the Company recorded \$153,909 in share-based payment expense.

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

	2024	2023
Weighted average fair value of options granted	\$ 0.57	\$ 1.61
Risk-free interest rate	3.4%	3.76%
Estimated life (in years)	5	5
Expected volatility	108.75%	100.64%
Expected dividend yield	0%	0%

F-30

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)**Notes to the Consolidated Financial Statements****For the Years Ended for December 31, 2024, 2023 and 2022**

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 16 – FINANCIAL INSTRUMENTS

a. Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Management estimates that cash, accounts receivable and other current liabilities approximately constitute their fair value in view of the fact that these are short term instruments.

b. Financial risk management

The Company is exposed to various financial risks through its financial instruments: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The following analysis enables users to evaluate the nature and extent of the risks.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and accounts receivable which include trade and other accounts receivable (Note 5). The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its trade receivables are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support trade receivable.

Accounts receivable primarily consist of trade receivables and sales tax receivable. The Company provides credit to very limited customer base in the normal course of business and has established credit evaluation via an active direct consultation with its customers to mitigate credit risk. Accounts receivable are shown net of any provision made for impairment of receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss (“ECL”) analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

F-31

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 16 – FINANCIAL INSTRUMENTS (continued)

During the year ended December 31, 2024 and 2023, there was \$nil allowance for doubtful accounts on accounts receivable recognized in the Statement of Income (Loss) and Comprehensive Income (Loss).

The Company’s aging of trade receivables (Note 5) were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
0 – 30 days	\$ 46,559	\$ 61,046
31 – 60 days	41,808	58,048
61 + days	25,055	-
	<u>\$ 113,422</u>	<u>\$ 119,094</u>

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Financial liabilities include principal and interest payments.

The Company’s liquidity risk is that it is not able to settle liabilities when due or that it can do so only at an abnormally high cost. Accordingly, one of management’s primary goals is to maintain an optimum level of liquidity by actively managing assets, liabilities and cash flows generated by operations. The

Company's future strategies can be financed through a combination of cash flows generated by operations, borrowing under existing credit facilities, and the issuance of equity. Management prepares regular budgets and cash flow forecasts to help predict future changes in liquidity.

The Corporation has financial liabilities with the following maturities as at December 31, 2024:

	Contractual cash flows					Total
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	5 year and over	
Trade payables (Note 8)	\$ 322,235	\$ -	\$ -	\$ -	\$ -	\$ 322,235
Long term loan and unpaid interest (Note 11)	40,769	-	-	-	-	40,769
	<u>\$ 363,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,004</u>

The Corporation has financial liabilities with the following maturities as at December 31, 2023:

	Contractual cash flows					Total
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	5 year and over	
Trade payables (Note 8)	\$ 157,705	\$ -	\$ -	\$ -	\$ -	\$ 157,705
Long term loan and unpaid interest (Note 11)	46,680	38,427	-	-	-	85,107
	<u>\$ 204,385</u>	<u>\$ 38,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,812</u>

F-32

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 16 – FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows from financial instruments will change as a result of changes in market prices. Market risk includes risks such as currency risk and share price risk. The financial instruments of the Company which are affected by market risk consist mainly of foreign currency cash and deposits, Company's US dollar denominated convertible debenture and investments in marketable securities.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As the Company is listed on Nasdaq and has raised money in USD it holds a portion of its cash balances in USD to approximate between three to twenty four months estimated operating needs. The remainder of the Company's cash is held in Canadian dollars, the Company's reporting currency, which is also the currency of the Company's largest cash outlays over the next twenty-four months.

As of December 31, 2024 and 2023, the Company has a surplus of financial assets over financial liabilities denominated in USD, consisting of cash, in the sum of \$4,421,006 and \$2,804,422, respectively.

Currency sensitivity analysis

The table below demonstrates the sensitivity test to a reasonable possible change in the exchange rate of the US dollar, with all other variables unchanged. The impact on the Company's pre-tax profit and loss arises from changes in the fair value of the assets and financial liabilities is as follows:

	Change in the USD exchange rate	Impact on pre-tax profit
December 31, 2024	5% increase	\$ (221,050)
	5% decrease	221,050
December 31, 2023	5% increase	(140,221)
	5% decrease	\$ 140,221

F-33

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 16 – FINANCIAL INSTRUMENTS (continued)**c. Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and sale of its products and services, as well as to ensure that the Company is able to meet its financial obligations as they become due. The capital structure consists of components of shareholders' equity, promissory note due to related parties and the term loan provided by the bank.

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares, incur debt or return capital to shareholders. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the years ended December 31, 2024 and 2023.

NOTE 17 – REVENUE AND DEFERRED REVENUE

The Company has derived its revenue from the sources as summarized in the following:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Software development	\$ 727,073	\$ 758,307	\$ 761,166
Software license	165,410	200,593	213,749
Software supports	45,513	47,102	71,460
Cloud hosting	48,550	59,926	67,334
Others	12,293	10,933	9,363
	<u>\$ 998,839</u>	<u>\$ 1,076,861</u>	<u>\$ 1,123,072</u>

The Company recognized revenues from contracts with customers in accordance with the following timing under IFRS 15:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Revenue recognized over time	\$ 833,429	\$ 876,268	\$ 909,323
Revenue recognized at a point of time	165,410	200,593	213,749
	<u>\$ 998,839</u>	<u>\$ 1,076,861</u>	<u>\$ 1,123,072</u>

F-34

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)**Notes to the Consolidated Financial Statements****For the Years Ended for December 31, 2024, 2023 and 2022**

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 17 – REVENUE AND DEFERRED REVENUE (continued)

Deferred revenue represents contract liabilities for customer payments received related to services yet to be provided subsequent to the reporting date. Significant changes in deferred revenue during the years ended December 31 are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deferred revenue, beginning	\$ 131,794	\$ 219,068
Customer payments received attributable to contract liabilities for unearned revenue	141,126	158,711
Revenue recognized from fulfilling contract liabilities	(132,832)	(245,985)
Deferred revenue, ending	<u>\$ 140,088</u>	<u>\$ 131,794</u>

The Company derives significant revenues from one customer. During the year ended December 31, 2024, 2023 and 2022, revenues from this customer were 67%, 82% and 83% respectively, of total revenue. The trade receivable outstanding as at December 31, 2024, and 2023 are due from this customer.

NOTE 18 – COST OF REVENUE

Cost of revenue incurred during the years ended December 31 are comprised of the following:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and benefits	\$ 641,547	\$ 636,497	\$ 510,615
Subcontractors expense (recovery)	168,067	366	(16,317)

Software and other	37,339	39,944	9,804
Depreciation	1,184	1,498	2,398
	<u>\$ 848,137</u>	<u>\$ 678,305</u>	<u>\$ 506,500</u>

NOTE 19 – COMMITMENTS AND CONTINGENCIES

As of December 31, 2024, the Company is not aware of any material commitments or contingent liabilities that require disclosure under IAS 37.

NOTE 20 – INCOME TAXES

The relevant companies' tax applicable to the Company commencing from 2021 (Year of Amalgamation) and thereafter is 27%.

The relevant companies' tax applicable to BYND commencing from 2018 and thereafter is 23%. Current taxes for the reported periods are calculated according to the said tax rate.

F-35

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 20 – INCOME TAXES (continued)

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Income (loss) before tax	\$ (47,588,970)	\$ (18,466,962)	\$ (1,658,404)
Income tax rate	27% and 23%	27% and 23%	27% and 23%
Expected income expense (recovery)	(12,851,939)	(4,889,258)	(460,055)
Permanent differences	8,738,305	971	(216,957)
Prior years reassessment of tax expense	-	-	-
Change in unrecognized deferred assets	1,907	(20,073)	43,428
Change in valuation allowance	4,085,102	4,600,864	542,633
Other	27,912	335,655	97,231
Total income tax expense	\$ 1,287	\$ 28,159	\$ 6,280
Current income tax	\$ 1,287	\$ 28,159	\$ 6,280
Deferred income tax	-	-	-
Total income tax expense	\$ 1,287	\$ 28,159	\$ 6,280

Temporary differences that give rise to the following deferred tax assets and liabilities at are:

	December 31, 2024	December 31, 2023
Deferred tax assets		
Non-capital loss carry forwards – Canada	9,330,761	5,245,659
Non-capital loss carry forwards – Israel	-	-
	<u>\$ 9,330,761</u>	<u>\$ 5,245,659</u>
Valuation allowance	(9,330,761)	(5,245,659)
	<u>\$ -</u>	<u>\$ -</u>

The Company has Canadian non-capital losses of \$33,353,994 which is available to offset future years' taxable income in Canada.

BYND has \$nil (2023 - \$nil) in non-capital losses carried forward for tax purposes, which can be carried forward indefinitely to be offset against future business income and business capital gains.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

F-36

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 21 – SUBSEQUENT EVENTS

On January 3, 2025, the Company issued 2,767 subordinate voting shares following the exercise of B warrants.

On January 6, 2025, the Company issued 8,808 subordinate voting shares following the exercise of B warrants.

On February 7, 2025, the Company issued 188,000 subordinate voting shares to directors and consultants of the Company following the vesting of RSU's.

On February 25, 2025, the Company issued 4,000 subordinate voting shares following the exercise of B warrants and 2,462 subordinate voting shares following the exercise of A warrants.

On February 26, 2025, the Company also entered into a placement agent agreement (the “**Placement Agreement**”) with Aegis Capital Corp. (“**Aegis**”), pursuant to which the Company engaged Aegis to act as its sole placement agent in connection with the offering. Pursuant to the terms of the Placement Agreement, Aegis agreed to use its best efforts to arrange for the sale of the securities in the offering. As compensation to the placement agent, the Company paid the placement agent placement commission equal to 15.0% of the aggregate gross proceeds from the offering. Aegis will also receive a fee of 10.0% of the proceeds from the cash exercise of any warrants currently outstanding or issued in the Placement, payable on exercise. In addition, the Company agreed to reimburse Aegis for certain out-of-pocket expenses, including reasonable legal fees and disbursements for its counsel.

Also, on February 26, 2025, the Company entered into an exchange agreement (the “**Exchange Agreement**”) with certain holders of tranches of warrants to purchase subordinate voting shares previously issued by the Company in March 2024 and December 2023 (collectively, the “**Old Warrants**”). Under the Exchange Agreement, such holders agreed to exchange with the Company some of the outstanding Old Warrants for 2,495,933 new warrants (the “**Exchange Warrants**”) to purchase subordinate voting shares, substantially similar to the Series B Warrants issued in the Private Placement. If the exercise price of the Exchange Warrants are adjusted to the floor of US\$0.76, up to 123,253,146 subordinate voting shares would be issuance upon the exercise of the Exchange Warrants. As a result of the Exchange Agreement, Old Warrants that were exchanged were cancelled as of that date.

On February 28, 2025, the Company completed the transactions contemplated under a securities purchase agreement (the “**Purchase Agreement**”) with institutional investors for the purchase and sale of approximately US\$17.0 million of subordinate voting shares and pre-funded and investor warrants at a price of US\$4.17 per subordinate voting unit.

The offering (the “**Private Placement**”) consisted of the sale of subordinate voting units (or Pre-Funded Units), each consisting of (i) one subordinate voting share or Pre-Funded Warrant, (ii) one Series A Warrant to purchase one subordinate voting share per warrant (the “**Series A Warrants**”) and (iii) one Series B Warrant to purchase one subordinate voting share per warrant (the “**Series B Warrants**”). The purchase agreement price per Common Unit was US\$4.17 (or US\$4.16999 for each Pre-Funded Unit, which is equal to the purchase agreement price per subordinate voting unit sold in the offering minus an exercise price of US\$0.00001 per Pre-Funded Warrant). The Pre-Funded Warrants are immediately exercisable. The initial exercise price of each Series A Warrant is US\$5.21 per subordinate voting share. The Series A Warrants are exercisable immediately and expire 60 months after the Release Date (as defined in the Purchase Agreement) and may be exercised on a cashless basis if there is not then an effective registration covering the resale of the subordinate voting shares underlying the Series A Warrants. The number of securities issuable under the Series A Warrant is subject to adjustment as described in the Series A Warrant. The initial exercise price of each Series B Warrant is US\$12.51 per subordinate voting share. They also include an alternative cashless exercise option, allowing the holder to exercise the Series B Warrant at any time and receive three subordinate voting shares for each subordinate voting share then underlying the Series B Warrant without additional consideration. The Series B Warrants are exercisable immediately and expire 30 months after the Release Date. The number of securities issuable under the Series B Warrant is subject to adjustment as described in the Series B Warrant.

On February 28, 2025, the Company issued 2,065,120 subordinate voting shares following the closing of the Private Placement.

Cover

12 Months Ended
Dec. 31, 2024
shares

Entity Addresses [Line
Items]

<u>Document Type</u>	20-F
<u>Amendment Flag</u>	false
<u>Document Registration Statement</u>	false
<u>Document Annual Report</u>	true
<u>Document Transition Report</u>	false
<u>Document Shell Company Report</u>	false
<u>Document Period End Date</u>	Dec. 31, 2024
<u>Document Fiscal Period Focus</u>	FY
<u>Document Fiscal Year Focus</u>	2024
<u>Current Fiscal Year End Date</u>	--12-31
<u>Entity File Number</u>	001-41408
<u>Entity Registrant Name</u>	FEMTO TECHNOLOGIES INC.
<u>Entity Central Index Key</u>	0001888151
<u>Entity Incorporation, State or Country Code</u>	A1
<u>Entity Address, Address Line One</u>	7000 Akko Road
<u>Entity Address, City or Town</u>	Kiryat Motzkin
<u>Entity Address, Country</u>	IL
<u>Title of 12(b) Security</u>	Subordinate Voting Shares
<u>Trading Symbol</u>	FMTO
<u>Security Exchange Name</u>	NASDAQ
<u>Entity Well-known Seasoned Issuer</u>	No
<u>Entity Voluntary Filers</u>	No
<u>Entity Current Reporting Status</u>	Yes
<u>Entity Interactive Data Current</u>	Yes
<u>Entity Filer Category</u>	Non-accelerated Filer
<u>Entity Emerging Growth Company</u>	true
<u>Elected Not To Use the Extended Transition Period</u>	false
<u>Document Accounting Standard</u>	International Financial Reporting Standards
<u>Entity Shell Company</u>	false

Entity Common Stock, Shares Outstanding	2,926,526
ICFR Auditor Attestation Flag	false
Document Financial Statement Error Correction [Flag]	false
Auditor Firm ID	6906
Auditor Opinion [Text Block]	We have audited the accompanying consolidated statements of financial position of Femto Technologies Inc. (the “Company”), as of December 31, 2024 and 2023, the related consolidated statements of loss and comprehensive loss, changes in shareholders’ equity and cash flows for each of the years in the three-year period ended December 31, 2024, and related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board
Auditor Name	Reliant CPA PC
Auditor Location	Newport Beach, CA
Business Contact [Member]	
Entity Addresses [Line Items]	
Entity Address, Address Line One	2264 East 11th Avenue
Entity Address, City or Town	Vancouver, B.C.
Entity Address, Country	CA
Entity Address, Postal Zip Code	V5Z 1N6
City Area Code	604
Local Phone Number	833-6820
Contact Personnel Name	Gabi Kabazo
Contact Personnel Email Address	gabi@femtocorp.com

**Consolidated Statements of
Financial Position**

**Dec. 31, 2024 Dec. 31, 2023
CAD (\$) CAD (\$)**

Assets

<u>Cash</u>	\$ 4,617,034	\$ 3,113,934
<u>Accounts receivable</u>	315,714	189,434
<u>Prepaid expenses</u>	41,093	25,372
<u>Total Current Assets</u>	4,973,841	3,328,740
<u>Intangible assets</u>	25,262,767	33,463,103
<u>Property and equipment</u>	4,459	9,525
<u>Total Assets</u>	30,241,067	36,801,368
<u>Trade payables and accrued liabilities</u>	401,938	258,515
<u>Related Parties</u>	233,691	450,048
<u>Deferred revenue</u>	140,088	131,794
<u>Enhanced voting preference shares</u>	35,608	
<u>Long term loan – current portion</u>	40,769	46,680
<u>Total Current Liabilities</u>	852,094	887,037
<u>Long term loan</u>		38,427
<u>Derivative warrants liabilities</u>	24,517,927	958,146
<u>Derivative for settlement agreement</u>	378,817	
<u>Liabilities for employee benefits</u>	100,430	91,533
<u>Total Liabilities</u>	25,849,268	1,975,143
<u>Shareholders' Equity</u>		
<u>Share capital</u>	76,391,417	59,367,042
<u>Shares to be issued</u>		53,567
<u>Share-based payment reserve</u>	1,043,586	711,267
<u>Translation differences reserve</u>	(164,312)	(7,246)
<u>Capital reserve for re-measurement of defined benefit plan</u>	23,534	13,764
<u>Accumulated Deficit</u>	(72,902,426)	(25,312,169)
<u>Total Shareholders' equity</u>	4,391,799	34,826,225
<u>Total Liabilities and Shareholders' Equity</u>	\$ 30,241,067	\$ 36,801,368

**Consolidated Statements of
Loss and Comprehensive
Loss - CAD (\$)**

12 Months Ended

**Dec. 31, 2024 Dec. 31, 2023 Dec. 31,
2022**

Profit or loss [abstract]

<u>Revenue</u>	\$ 998,839	\$ 1,076,861	\$ 1,123,072
<u>Cost of revenue</u>	(848,137)	(678,305)	(506,500)
<u>Gross profit</u>	150,702	398,556	616,572
<u>Consulting and marketing</u>	1,094,957	1,387,628	8,190
<u>Research and Development</u>	2,582,601	836,833	
<u>Depreciation and Amortization</u>	4,187	93,354	30,702
<u>General and administrative expenses</u>	1,992,163	1,254,088	821,673
<u>Settlement agreement expenses</u>	854,984		
<u>Share-based compensation</u>	3,709,278	343,253	279,536
<u>Professional fees</u>	966,718	1,739,430	1,220,746
<u>Total operating expense</u>	(11,204,888)	(5,654,586)	(2,360,847)
<u>Loss before other income (expense)</u>	(11,054,186)	(5,256,030)	(1,744,275)
<u>Other income (expense)</u>			
<u>Finance income (expenses), net</u>	170,433	314	(14,451)
<u>Foreign exchange gain (loss)</u>	431,240	(76,469)	100,322
<u>Gain (loss) from warrants revaluation</u>	(28,866,166)	7,704	
<u>Gain (loss) from settlement agreement revaluation</u>	(69,955)		
<u>Impairments</u>	(8,200,336)	(13,142,481)	
<u>Other income (expense)</u>	(36,534,784)	(13,210,932)	85,871
<u>Loss before tax</u>	(47,588,970)	(18,466,962)	(1,658,404)
<u>Tax expense</u>	(1,287)	(28,159)	(6,280)
<u>Loss for the year</u>	(47,590,257)	(18,495,121)	(1,664,684)
<u>Other comprehensive income (loss)</u>			
<u>Exchange differences on translation</u>	(157,066)	(22,992)	(11,709)
<u>Remeasurement of a defined benefit plan, net</u>	9,770	485	3,835
<u>Other comprehensive income (loss) for the year</u>	(147,296)	(22,507)	(7,874)
<u>Total comprehensive loss</u>	\$ (47,737,553)	\$ (18,517,628)	\$ (1,672,558)
<u>Loss per share - basic</u>	[1] \$ (101.31)	\$ (1,550.40)	\$ (167.96)
<u>Loss per share - diluted</u>	[1] \$ (101.31)	\$ (1,550.40)	\$ (167.96)
<u>Weighted average number of shares outstanding - basic</u>	[1] 469,733	12,003	9,866
<u>Weighted average number of shares outstanding - diluted</u>	[1] 469,733	12,003	9,866

[1] Adjusted to reflect one (1) for one hundred ninety (190) reverse stock split in March 2024 and a one (1) for

Consolidated Statements of Shareholders' Equity - CAD (\$)	Issued capital [member]	Shares to be issued [member]	Share purchase warrants reserve [member]	Reserve of exchange differences on translation [member]	Reserve of share-based payments [member]	Reserve of insurance finance income (expenses) from insurance contracts issued excluded from profit or loss that will be reclassified to profit or loss [member]	Retained earnings [member]	Total
<u>Balance at Dec. 31, 2021</u>	\$ 10,843,471	\$ 81,967	\$ 639,879	\$ 27,455	\$ 550,517	\$ 9,444	\$ (5,152,364)	\$ 7,000,369
<u>Balance, shares at Dec. 31, 2021</u>	[1] 9,127							
IfrsStatementLineItems								
[Line Items]								
<u>Proceeds for shares issued from exercise of stock options</u>	\$ 371,780				(133,980)			237,800
<u>Balance, shares</u>	[1] 89							
<u>Shares issued for acquisition of Zigi Carmel Initiatives and Investments Ltd. ("ZC")</u>	\$ 42,768,000							42,768,000
<u>Balance, shares</u>	[1] 2,452							
<u>Shares issued for services</u>	\$ 83,752							83,752
<u>Shares issued for services, shares</u>	[1] 4							
<u>Share-based payments</u>					153,909			153,909
<u>Shares to be issued for services</u>		41,875						41,875
<u>Proceeds for shares issued</u>	\$ 739,519	(81,967)						657,552
<u>Balance, shares</u>	[1] 57							
<u>Loss for the year</u>							(1,664,684)	(1,664,684)
<u>Other comprehensive loss for the year</u>				(11,709)		3,835		(7,874)
<u>Shares issued pursuant to a Settlement agreement</u>								
<u>Balance at Dec. 31, 2022</u>	\$ 54,806,522	41,875	639,879	15,746	570,446	13,279	(6,817,048)	49,270,699
<u>Balance, shares at Dec. 31, 2022</u>	[1] 11,729							
IfrsStatementLineItems								
[Line Items]								

Shares issued for services	\$ 190,740	(41,875)					148,865
Shares issued for services, shares	[1] 15						
Share-based payments				140,821			140,821
Shares to be issued for services		53,567					53,567
Loss for the year						(18,495,121)	(18,495,121)
Other comprehensive loss for the year			(22,992)		485		(22,507)
Shares issued for cash, net	\$ 3,729,901						3,729,901
Balance, shares	[1] 1,430						
Warrants expired	\$ 639,879	(639,879)					
Shares issued pursuant to a Settlement agreement							
Balance at Dec. 31, 2023	\$ 59,367,042	53,567	(7,246)	711,267	13,764	(25,312,169)	34,826,225
Balance, shares at Dec. 31, 2023	[1] 13,174						
IfrsStatementLineItems							
[Line Items]							
Shares issued for services	\$ 3,430,526	(53,567)					3,376,959
Shares issued for services, shares	[1] 151,186						
Share-based payments				332,319			332,319
Loss for the year						(47,590,257)	(47,590,257)
Other comprehensive loss for the year			(157,066)		9,770		(147,296)
Shares, pre-funded warrants and warrants issued for cash, net	\$ 7,966,357						7,966,357
Shares, pre-funded warrants and warrants issued for cash, net, shares	[1] 51,573						
Shares issued for cashless exercise of warrants	\$ 12,442,032						12,442,032
Shares issued for cashless exercise of warrants, shares	[1] 412,965						
Allocation to derivative warrants liabilities	\$ (7,360,662)						(7,360,662)
Shares issued pursuant to a Settlement agreement	\$ 546,122						546,122
Shares issued pursuant to a Settlement agreement, shares	[1] 26,471						
Balance at Dec. 31, 2024	\$ 76,391,417		\$ (164,312)	\$ 1,043,586	\$ 23,534	\$ (72,902,426)	\$ 4,391,799
Balance, shares at Dec. 31, 2024	[1] 655,369						

[1] Adjusted to reflect one (1) for one hundred ninety (190) reverse stock split in March 2024 and a one (1) for seventeen (17) reverse stock split in August 2024 (see Note 1)

**Consolidated Statements of
Cash Flows - CAD (\$)**

**12 Months Ended
Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022**

Operating activities:

Loss for the year \$ (47,590,257) \$ (18,495,121) \$ (1,664,684)

Changes in operating assets and liabilities:

<u>Depreciation</u>	5,370	94,852	33,100
<u>Finance expense</u>	4,848	3,333	4,977
<u>Change in benefits to employees</u>	18,667	6,003	2,792
<u>Shares issued pursuant to a settlement agreement</u>	546,122		
<u>Loss from revaluation of settlement agreement</u>	69,955		
<u>Derivative for settlement agreement</u>	308,862		
<u>Loss (gain) from revaluation of warrants</u>	28,866,166	(7,704)	
<u>Impairments</u>	8,200,336	13,142,481	
<u>Share-based compensation</u>	3,709,278	343,253	279,536
<u>Foreign exchange (gain) loss</u>	(485,453)	176,409	(106,463)
<u>Accounts receivable</u>	(126,280)	38,370	(30,976)
<u>Trade payables and accrued liabilities</u>	143,423	67,060	10,857
<u>Related parties</u>	(216,357)	450,048	
<u>Prepaid expenses</u>	(15,721)	800,191	(785,323)
<u>Deferred revenue</u>	8,294	(87,274)	189,022
<u>Net cash used in operating activities</u>	(6,552,747)	(3,468,099)	(2,067,162)

Investing activities:

<u>Purchase of property and equipment</u>		(7,703)	(123,172)
<u>Investment in intangible assets</u>		(366,325)	(1,886,717)
<u>Disposal of property and equipment</u>			1,500
<u>Net cash used in investing activities</u>		(374,028)	(2,008,389)

Financing activities:

<u>Proceeds from exercise of stock options</u>			237,800
<u>Proceeds from private placements</u>			657,552
<u>Proceeds from issuance of enhanced voting preference shares</u>	35,608		
<u>Proceeds from public offering, net</u>	7,741,342	4,695,751	
<u>Repayment of long term loan</u>	(47,818)	(45,350)	(46,561)
<u>Net cash provided by financing activities</u>	7,729,132	4,650,401	848,791
<u>Net Increase (decrease) in cash</u>	1,176,385	808,274	(3,226,760)
<u>Release of funds from escrow</u>			2,484,634
<u>Effect of foreign exchange rate changes on cash</u>	326,715	(87,211)	109,647
<u>Cash at beginning of year</u>	3,113,934	2,392,871	3,025,350
<u>Cash at end of year</u>	4,617,034	3,113,934	2,392,871

Supplemental disclosure of cash flow information

<u>Cash paid during the year for interest</u>	4,848	5,972	4,977
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Supplemental non-cash information

<u>Shares issued for intangible asset in Zigi Carmel acquisition</u>			\$ 42,768,000
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**Cybersecurity Risk
Management and Strategy
Disclosure**

12 Months Ended

Dec. 31, 2024

[Cybersecurity Risk
Management, Strategy, and
Governance \[Abstract\]](#)

[Cybersecurity Risk
Management Processes for
Assessing, Identifying, and
Managing Threats \[Text
Block\]](#)

Cybersecurity Risk Management and Strategy

We recognize the importance of timely and appropriately assessing, preventing, identifying and managing risks associated with Cybersecurity Threats, as such term is defined in Form 20-F, Part II, Item 16K(a). These risks include, among other things, potential operational risks; intellectual property theft; fraud; extortion; harm to associates and customers; violation of privacy and other litigation and legal risk; and reputational risks.

To date, we have encountered no Cybersecurity Threats and have not implemented any specific policies with respect to any such threats. Our management considers Cybersecurity Threat risks alongside other company risks as part of our overall risk assessment process.

However, we intend to adopt in the near future cybersecurity processes, technologies and controls to aid in our efforts to assess, prevent, identify and manage such risks.

**NATURE OF
OPERATIONS AND
GOING CONCERN**

12 Months Ended

Dec. 31, 2024

**Nature Of Operations And
Going Concern**

**NATURE OF OPERATIONS
AND GOING CONCERN**

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Operations

Femto Technologies Inc. (Formerly known as BYND Cannasoft Enterprises Inc.) (the “Company” or “Femto”) is a Canadian company which was amalgamated under the Business Corporations Act (British Columbia) on March 29, 2021. The Company’s registered address is 2264 East 11th Avenue, Vancouver, BC, V5N 1Z6, Canada.

The Company currently operates only in Israel and through its subsidiaries (i) develops, markets and sells a proprietary client relationship management software known as “Benefit CRM” and its new Cannabis CRM platform, and (ii) is developing the Sensera device (formerly the EZ-G Device), a unique, patent pending device that, combined with proprietary software (provisional application), regulates the flow of low-concentration CBD oils into the soft tissues of the female sexual organs.

On March 29, 2021, the Company completed the business combination transactions with BYND – Beyond Solutions Ltd. (“BYND”). As a result of the business combination transactions, BYND became a wholly owned subsidiary of the Company. This transaction was accounted for as a reverse asset acquisition of the Company by BYND (“RTO”)

On March 29, 2021, BYND completed the share exchange agreement with B.Y.B.Y. As a result of the share exchange agreement, BYND holds 74% ownership interest in B.Y.B.Y. One of the former shareholders holds the remaining 26% ownership interest in B.Y.B.Y. in trust for BYND, for the purpose to comply with Israeli Cannabis Laws regarding the ownership of medical cannabis license rights This transaction was accounted for as asset acquisition according to *IFRS 2 Share-based Payment*.

On September 22, 2022, the Company and the former shareholder of Zigi Carmel Initiatives and Investments Ltd. (“ZC”) entered into a share exchange agreement, whereby the Company would acquire 100% ownership interest in ZC from the former shareholder in exchange for 7,920,000 subordinate voting shares (2,452 subordinate voting shares post reverse splits) of the Company. The share exchange agreement was executed and fully completed on September 22, 2022.

Effective July 22, 2024, the Company changed its name to Femto Technologies Inc.

Reverse stock split

On March 15, 2024, the Company announced a one (1) for one hundred ninety (190) reverse stock split of its outstanding subordinate voting shares that became effective on March 22, 2024.

On August 16, 2024, the Company announced a one (1) for seventeen (17) reverse stock split of its outstanding subordinate voting shares that became effective on August 26, 2024.

All shares, stock options, share purchase warrants, RSU’s and per share information in these consolidated financial statements have been restated to reflect the reverse stock splits on a retroactive basis.

War in Israel

In October 2023, the Iron Swords War (the “War”) broke out in the State of Israel. The prolongation of the War led to a slowdown in business activity in the Israeli economy, inter alia due to the closure of factories in the south and north of the country, damage to infrastructure, recruitment of reserve forces for an unknown period, and therefore, to disruption of economic activity in Israel. The prolongation of the War may have wide-ranging implications for many branches and different geographical areas in the country.

The potential fluctuations in prices of merchandise, foreign currency exchange rates, availability of materials, availability of personnel, local services and access to local resources may affect entities whose main activity is with or in Israel.

Since this is an event beyond the Company’s control and characterized by uncertainty, in particular as to when the War will end, as of the approval date of these consolidated financial statements, the Company is unable to predict the intensity of the impact of the War on the Company’s financial condition and the results of BYND operations.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN (continued)

Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has incurred losses and may incur further losses in the development of its business. During the year ended December 31, 2024, the Company incurred a net loss of \$47,590,257 and had an accumulated deficit of \$72,902,426 as at December 31, 2024. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising additional capital through debt financing. However, there is no assurance it will be able to continue to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

On February 28, 2025, the Company completed the transactions contemplated under a securities purchase agreement (the “**Purchase Agreement**”) with institutional investors for the purchase and sale of approximately US\$17.0 million of subordinate voting shares and pre-funded and investor warrants at a price of US\$4.17 per subordinate voting unit.

The Company also has the ability to defer certain costs, especially those related to research and development, to match financing inflows. The Company believes that its currently available cash on hand, including additional financing described above, will be sufficient to meet its planned expenditures, alleviate the substantial doubt as to the Company’s ability to continue as a going concern, and to meet the Company’s obligations for at least the one-year period following its date of consolidated financial statements.

**BASIS OF PREPARATION
OF THE FINANCIAL
STATEMENTS**

12 Months Ended

Dec. 31, 2024

[Notes and other explanatory
information \[abstract\]](#)

[BASIS OF PREPARATION
OF THE FINANCIAL
STATEMENTS](#)

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Issues Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. They were authorized for issue by the Company’s board of directors on March 31, 2025.

b. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of its wholly owned subsidiaries, BYND, Zigi Carmel and B.Y.B.Y.. B.Y.B.Y is owned directly through BYND and 24% of the shares of B.Y.B.Y. are held by a related party in trust for the Company for the purpose to comply with Israeli Cannabis Laws regarding the ownership of medical cannabis license rights.

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated on consolidation.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

c. New Accounting Standards

Standards, interpretations and amendments to standards and interpretations in the reporting period not yet effective and not yet applied:

- In April 2024, the International Accounting Standards Board issued IFRS 18, Presentation and Disclosure in the Financial Statements, which sets out the overall requirements for presentation and disclosures in the financial statements. The new standard will replace IAS 1, Presentation of Financial Statements. Although much of the substance of IAS 1, Presentation of Financial Statements, will carry over into the new standard, the new standard incrementally will:

With a view to improving comparability amongst entities, require presentation in the statement of operations of a subtotal for operating profit and a subtotal for profit before financing and income taxes (both subtotals as defined in the new standard);

Require disclosure and reconciliation, within a single financial statement note, of management-defined performance measures that are used in public communications to share management's views of various aspects of an entity's performance, and which are derived from the statements of income and other comprehensive income;

Enhance the requirements for aggregation and disaggregation of financial statement amounts; and

Require limited changes to the statement of cash flows, including elimination of options for the classification of interest and dividend cash flows.

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier adoption permitted. We are currently assessing the impacts of the new standard; while there will be shifts of where a number of our management-defined performance measures are disclosed and reconciled (primarily a shift from management's discussion and analysis to the financial statements) and where certain cash flows will be categorized in our statements of cash flows (primarily a shift of interest paid from operating activities to financing activities), we do not expect that the totality of our financial disclosure will be materially affected by the application of the new standard.

- In May 2024, the International Accounting Standards Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The narrow-scope amendments are to address diversity in accounting practice in respect of the classification of financial assets with environmental, social and corporate governance and similar features; and to clarify the date on which a financial asset or financial liability is derecognized when using electronic payment systems. The new standard is effective for annual reporting periods beginning on or after January 1, 2026, with earlier adoption permitted. We are currently assessing the impacts of the new standard but do not expect to be materially affected by the application of the amendments.

d. Functional and presentation currency

The financial statements are presented in Canadian dollars. The functional currency of the Company is Canadian dollars and the functional currency of BYND, Zigi Carmel and B.Y.B.Y. is the New Israeli Shekel ("NIS").

e. Basis of Measurement

The financial statements were prepared based on the historical costs, except for financial instruments classified as fair value through profit and loss ("FVTPL") and assets or liabilities for employee benefits, which are stated at their fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

f. Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimating the fair value of share-based payment transactions

The Company utilizes a Black-Scholes model, or where appropriate, a Monte-Carlo Simulation to estimate the fair value of its share-based payments. In applying these models, management must estimate the expected future volatility of the Company's estimated share price and makes such assumptions based on a proxy of publicly listed entities under an expectation that historical volatility is representative of the expected future volatility. Additionally, estimates have been made by management, in respect of the performance warrants, regarding the length of the vesting period as well as the number of performance warrants that are likely to vest.

Estimating the fair value of financial instruments

When the Company recognizes a financial instrument, where there is no active market for such an instrument, the Company utilizes alternative valuation methods. The Company utilizes inputs from observable markets to the extent that an appropriate market can be identified, but when there is a lack of such a market, the Company applies judgment to determine a fair value. Such judgments require those such as risk and volatility, of which changes in such assumptions may impact the fair value of the financial instrument.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

f. Significant estimates and assumptions (continued)

Revenue Recognition

The Company uses significant judgment to assess whether performance obligations sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. The company also applies significant judgement in determining whether a performance obligation was satisfied over time or at a point of time, depending on the transfer of the control of the goods or services. The Company recognizes revenue over time using input method, which recognizes revenue as performance of the contract progresses. Input method recognizes revenue based on an entity's efforts or inputs toward satisfying a performance obligation relative to the total expected efforts or inputs required to satisfy the performance obligation. The Company applies significant judgment to determine the estimated hours to completion which affects revenue recognized for software development.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the company is likely to recognize their recovery from the generation of taxable income.

Useful lives of property and equipment

Estimates of the useful lives of property and equipment are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the

estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the equipment would increase the recorded expenses and decrease the non-current assets.

Impairment of Non-Financials Assets

The Company performs impairment tests on its long-lived assets, including property and equipment when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit (“CGU”) is less than its carrying value, the asset or CGU’s assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU’s recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount. There was no impairment recognized in the consolidated financial statements for the years ended December 31, 2024, 2023 and 2022.

Convertible debt

The Company evaluates at initial recognition of a convertible debt the different components and features of the hybrid instruments and determines whether these elements are equity instruments or embedded derivatives which require bifurcation. In subsequent periods, the liability component is accounted for using (i) the fair value method, or (ii) the effective interest method, based on the expected maturity of the debt. The equity component is not remeasured, while embedded derivatives unless closely related to the host instruments, are recorded at fair value through the Consolidated Statement of Operations unless the convertible debt falls under FVTPL.

Other Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include:

- the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments;
- the assessment of revenue recognition using the five-step approach under IFRS 15 and the collectability of accounts receivable; and
- the determination of the functional currency of the company.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

**SIGNIFICANT
ACCOUNTING POLICIES**

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory
information \[abstract\]](#)

[SIGNIFICANT
ACCOUNTING POLICIES](#)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a. Foreign Currency Transactions

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Nonmonetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Translation to presentation currency

The functional currency of the Company is the NIS, which is different from its presentation currency Canadian dollar. The financial results and position of the Company are translated from NIS to Canadian dollars as follows:

- assets and liabilities for each statement of financial position presented are translated at the exchange rate on the date of the statement of financial position;
- income and expenses for each statement of comprehensive loss are translated at the average exchange rate in effect during the reporting period;

Exchange differences arising on translation to presentation currency are recognized in other comprehensive income (loss) and recorded in the Company's foreign currency translation reserve in equity.

b. Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Financial Instruments (continued)

The following table shows the classification under IFRS 9:

Financial assets / liabilities	Classification under IFRS 9
Cash	FVTPL
Accounts receivable	Amortized cost
Marketable securities	FVTPL
Trade payables and accrued liabilities	Amortized cost
Convertible debt	Amortized cost
Derivative liability	FVTPL
Promissory note	Amortized cost
Long term loan	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms are recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

c. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The cost of repairs and maintenance costs is expensed as incurred.

Depreciation is calculated using the straight-line method to depreciate their cost to their residual value over their estimated useful lives. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations. The estimated useful lives are:

Description	Years
Computers and equipment	3
Vehicles	3
Furniture and equipment	6

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if needed at least once a year.

d. Employee benefits

Short term benefits

Short term benefits to employees include salaries, medical and recreation benefits and contributions to the National Insurance Institute and are recognized as expenses upon the rendering of the services.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Post-employment benefits

The group's post-employment benefits include severance pay obligation. The plans are usually funded by deposits transferred into pension funds and managers' insurance plans and are classified as defined benefit plans.

According to the Severance Pay Law employees are entitled to receive severance pay when they are dismissed or when they retire. The liability for termination of employer-employee relations presented in the report of the financial position is the present value of the defined benefit obligation at the report of the financial position date, less the fair value of plan assets on the end of the reporting period out of which the obligation shall be directly paid, adjusted to any net limitation of the asset for defined benefit to asset ceiling. The defined benefit liability is calculated by actuarial methods using the projected unit credit method.

The current service cost and net interest on the net liability in respect of defined benefits are recognized in profit or loss. Re-measurements of the net liability in respect of defined benefits which are recognized in other comprehensive profit, include actuarial profits and losses and return on the assets of the plan (excluding amounts which were included in net interest). Re-measurements of the net liability in respect of defined benefits which were recognized in other comprehensive profit are not re-classified to profit or loss in a subsequent period.

e. Revenue recognition

The Company's revenue is primarily derived from service rendered for software development, cloud hosting, customer training and customer service support, and software sales from the licensing and sales of its customer relationship management ("CRM") software. The Company recognizes revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*.

In applying IFRS 15, the Company uses significant judgments to assess whether performance obligations sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. The Company also applies significant judgement in determining whether a performance obligation was satisfied over time or at a point of time, depending on the transfer of the control of the goods or services. The Company recognizes revenue over time using input method, which recognizes revenue as performance of the contract progresses and reflects the Company's performance in passing control in the products and services promised to the customer. Input method recognizes revenue based on an entity's efforts or inputs toward satisfying a performance obligation relative, primarily by development work hours expended, to the total expected efforts or inputs required to satisfy the performance obligation. The Company applies significant judgment to determine the estimated work hours to completion which affects revenue recognized for software development.

The Company recognizes revenue when control over the promised product or services is transferred to the customer. Revenue is measured at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company accounts for contracts with customers when it has approval and commitment for both parties, each party's right have been identified, payment terms are defined, the contract has commercial substance and collection is probable. For contracts that involve multiple performance obligations, the Company allocates the transaction price to each performance obligation in the contract based on the relative standalone selling prices and recognize revenue when, or as, performance obligations in the contacts are satisfied.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Revenue recognition (continued)

Software development

The Company provides software customization and development service to its customers. Revenue is generally recognized over time by measuring the progress towards complete satisfaction of the performance obligation in a manner reflecting the Company's performance in passing control in the products and services promised to the customer.

Software license

The Company provides the right to access its CRM software through licensing and sales of its CRM software. Revenues from software license are recognized at the point of time when the right to access the software is provided and the control of the license is transferred to the customer.

Software support

The Company provides ongoing software support to its customers who purchase and use its CRM software. Revenue from software support services is recognized over time as the support service is rendered.

Cloud hosting

The Company hosts the customer's software and applications on its cloud platform. Revenue from cloud hosting is recognised over time when the hosting service is provided.

Other services

The Company provides cloud backup, customer training and other consulting services which are distinct from other services and products offered. Revenue from other services is recognized as services are provided.

Revenue is presented net of taxes collected from customers and remitted to government authorities. The difference between contractual payments received and revenue recognized is recorded as deferred revenue when receipts exceed revenue.

f. Cost of revenue

Cost of revenue and services include the expenses incurred to develop software and provide technical support to customers, which include payroll for all employees, compensation to subcontractors that are directly involved in the development and providing technical support, cost

of purchasing any third party components that are integrated with the Company's software and then delivered to the customers, and other indirect costs such as depreciation of computer and equipment that are used in providing goods and service to customers. Third party component may include third party software, platform or hardware.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Research and Development

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

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

h. Leases

The Company treats a contract as a lease when according to its terms it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company determines whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As is permitted under IFRS 16, the Company may elect to expense its short-term leases (term of 12 months or less) and leases of low-value assets, on a straight-line basis over the lease term.

As lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease or if that rate cannot be readily determined, the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are comprised of:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise the option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is measured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Deferred taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j. Estimating the incremental borrowing rate on leases

The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company “would have to pay”, which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Estimating the fair value of share-based payment transactions

The Company utilizes a Black-Scholes model, or where appropriate, a Monte-Carlo Simulation to estimate the fair value of its share-based payments. In applying these models, management must estimate the expected future volatility of the Company’s estimated share price and makes such assumptions based on a proxy of publicly listed entities under an expectation that historical volatility is representative of the expected future volatility. Additionally, estimates have been made by management, in respect of the performance warrants, regarding the length of the vesting period as well as the number of performance warrants that are likely to vest.

l. Estimating the fair value of financial instruments

When the Company recognizes a financial instrument, where there is no active market for such an instrument, the Company utilizes alternative valuation methods. The Company utilizes inputs from observable markets to the extent that an appropriate market can be identified, but when there is a lack of such a market, the Company applies judgment to determine a fair value. Such judgments require those such as risk and volatility, of which changes in such assumptions may impact the fair value of the financial instrument.

m. Basic and diluted income (loss) per share

The Company presents basic income (loss) per share data for its subordinate voting shares, calculated by dividing the income (loss) attributable to subordinate voting shareholders of the Company by the weighted average number of subordinate voting shares outstanding during the period. The diluted income (loss) per share is determined by adjusting the income (loss) attributable to subordinate voting shareholders and the weighted average number of subordinate voting shares outstanding for the effects of all options, warrants and similar instruments outstanding that may add to the total number of subordinate voting shares. During the years ended December 31, 2024 and 2023, the Company does not have any dilutive instruments outstanding. In addition, because the Company incurred net losses, the effect of dilutive instruments would be anti-dilutive and therefore diluted loss per share equals basic loss per share.

ACQUISITIONS

12 Months Ended
Dec. 31, 2024

[Disclosure of detailed information about business combination \[abstract\]](#)
[ACQUISITIONS](#)

NOTE 4 – ACQUISITIONS

Acquisition of Zigi Carmel

On September 22, 2022, the Company and the former shareholder of Zigi Carmel Initiatives and Investments Ltd. (“ZC”) entered into a share exchange agreement, whereby the Company would acquire 100% ownership interest in ZC from the former shareholder in exchange for 7,920,000 subordinate voting shares (2,452 subordinate voting shares post reverse splits) of BYND. The share exchange agreement was executed and fully completed on September 22, 2022.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 4 – ACQUISITIONS (continued)

The acquisition of ZC has been accounted for as asset acquisition according to *IFRS 2 Share-based Payment* as the acquired assets and liabilities do not constitute a business under *IFRS 3 Business Combinations*. The transaction price of the acquisition was measured according to the fair value of the subordinate voting shares given in consideration for the assets and liabilities assumed from the acquisition, with equity increased by the corresponding amount equal to the total fair value of the subordinate voting shares given. As a result, the acquisition was recorded with the consideration as detailed in the table below:

Consideration transferred:	\$
Value allocated to shares issued - 7,920,000 shares (2,452 shares post reverse splits) at \$5.40 per share	42,768,000
Fair value of assets and liabilities acquired:	
Investments	137,811
Intangible asset – patents pending	42,768,000
Shareholder loan	(137,811)
	<u>42,768,000</u>

The intangible asset acquired in the acquisition of ZC is attributed to 2 patents pending for a therapeutic device (the “Sensera” device) owned by ZC. The company has determined that the patents pending shall not be amortized until they are approved and then will be amortized over the course of their life.

ACCOUNTS RECEIVABLE**12 Months Ended
Dec. 31, 2024**[Notes and other explanatory
information \[abstract\]](#)[ACCOUNTS RECEIVABLE](#) **NOTE 5 – ACCOUNTS RECEIVABLE**

	December 31, 2024	December 31, 2023
Trade receivables	\$ 113,422	\$ 119,094
Income tax advances	66,444	52,003
Interest receivable	134,823	17,494
Due from shareholders	1,025	843
	<u>\$ 315,714</u>	<u>\$ 189,434</u>

Information on the Company's exposure to credit risk and market risk, as well as impairment losses on trade receivables and other accounts receivable, is provided in Note 15.

INTANGIBLE ASSETS

12 Months Ended
Dec. 31, 2024

[Intangible assets other than goodwill \[abstract\]](#)

[INTANGIBLE ASSETS](#)

NOTE 6 – INTANGIBLE ASSETS

The Company's intangible assets relate to the proprietary Cannabis CRM software the Company is developing, Patents pending for the Sensera device (Note 4) as well as the primary growing license for medical cannabis in Israel.

The additions for the software include cost of wages of the software developers for the time they spend on developing the Cannabis CRM software.

The additions for year ended December 31, 2022 for the Patents include the fair value attributed to the Patents upon the acquisition of ZC of \$42,768,000 as well as transaction and other costs in the amount of \$193,382, for a total of \$42,961,382.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 6 – INTANGIBLE ASSETS (continued)

The Company considered indicators of impairment at December 31, 2024 and 2023. The Company recorded impairment loss during the year ended December 31, 2024 for the patents pending since the recoverable amount is lower than the carrying amount. The recoverable amount of the CGU was determined using fair value less costs to sell based on a third-party valuation. The valuation used a market approach with Level 2 inputs, including recent comparable transactions and observable market data. Costs of disposal were estimated at 2% of fair value.

The Company recorded impairment loss during the year ended December 31, 2023 for the license, the software and the patents pending. The impairment for the software and the license was done mainly because of recent medical cannabis legislation changes in Israel that have materially affected the value of these assets. The impairment for the Patents pending was done because of updated forecasts for the revenue the Company anticipates to generate from these patents pending.

	Software	License	Patents Pending	Total
Cost				
Balance, December 31, 2022	\$ 2,350,473	\$ 850,000	\$42,961,382	\$ 46,161,855
Additions	366,325	-	-	366,325
Impairments	(2,525,459)	(850,000)	(9,498,279)	(12,873,738)
Translation differences	(110,101)	-	-	(110,101)
Balance, December 31, 2023	81,238	-	33,463,103	33,544,341
Additions	-	-	-	-
Impairments	-	-	(8,200,336)	(8,200,336)
Translation differences	-	-	-	-
Balance December 31, 2024	<u>\$ 81,238</u>	<u>\$ -</u>	<u>25,262,767</u>	<u>\$ 25,344,005</u>
Accumulated amortization				
Balance, December 31, 2022	\$ -	\$ -	-	\$ -

Amortization	81,406	-	-	81,406
Translation differences	(168)	-	-	(168)
Balance, December 31, 2023	81,238	-	-	81,238
Amortization	-	-	-	-
Translation differences	-	-	-	-
Balance December 31, 2024	\$ 81,238	\$ -	-	\$ 81,238

Net book value

At December 31, 2023	\$ -	\$ -	\$33,463,103	\$33,463,103
At December 31, 2024	\$ -	\$ -	\$25,262,767	\$25,262,767

* Reclassified software development costs from Capital Work in Progress (Note 8) to Intangible Assets – Software (See Note 4)

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

**PROPERTY AND
EQUIPMENT**

**12 Months Ended
Dec. 31, 2024**

[Disclosure of detailed
information about property,
plant and equipment \[abstract\]](#)
[PROPERTY AND EQUIPMENT](#)

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>Computers & Equipment</u>	<u>Vehicles</u>	<u>Furniture & Equipment</u>	<u>Capital Work In Progress</u>	<u>Total</u>
Costs					
Balance, January 1, 2023	29,019	181,052	33,310	279,025	522,406
Additions	6,664	-	1,039	704	8,407
Impairments	-	-	-	(268,743)	(268,743)
Translation differences	(1,519)	(9,419)	(1,735)	(10,986)	(23,659)
Balance, December 31, 2023	34,164	171,633	32,614	-	238,411
Additions	-	-	-	-	-
Impairments	-	-	-	-	-
Translation differences	2,448	13,788	2,621	-	18,857
Balance, December 31, 2024	\$ 36,612	\$ 185,421	\$ 35,235	\$ -	\$ 257,268
Accumulated depreciation					
Balance as of January 1, 2023	27,588	169,535	30,168	-	227,291
Depreciation	2,172	9,377	1,897	-	13,446
Translation differences	(1,439)	(8,839)	(1,573)	-	(11,851)
Balance, December 31, 2023	28,321	170,073	30,492	-	228,886
Depreciation	3,204	1,582	584	-	5,370
Translation differences	2,299	13,766	2,488	-	18,553
Balance, December 31, 2024	\$ 33,824	\$ 185,421	\$ 33,564	\$ -	\$ 252,809
Net book value					
At December 31, 2023	<u>\$ 5,843</u>	<u>\$ 1,560</u>	<u>\$ 2,122</u>	<u>\$ -</u>	<u>\$ 9,525</u>
At December 31, 2024	<u>\$ 2,788</u>	<u>\$ -</u>	<u>\$ 1,671</u>	<u>\$ -</u>	<u>\$ 4,459</u>

During the year ended December 31, 2024, depreciation of \$1,184 (2023 - \$1,498) related to computer and equipment is included in cost of revenue.

As of December 31, 2023 and 2022 the Company's Capital work in progress relates to the ongoing investment in the future medical cannabis cultivation facility in Moshav Kochav Michael, Israel which includes permits and design.

The Company considered indicators of impairment at December 31, 2023 and 2022. The Company recorded impairment loss during the year ended December 31, 2023 for the capital work in progress.

The impairment for the capital work in progress was done mainly because of recent medical cannabis legislation changes in Israel that have materially affected the value of this asset.

On January 4, 2024 the Company has taken the decision to suspend all activities related to the construction of the medical cannabis cultivation facility.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

**TRADE PAYABLES AND
ACCRUED LIABILITIES**

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory information
\[abstract\]](#)

[TRADE PAYABLES AND ACCRUED
LIABILITIES](#)

NOTE 8 – TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Trade payables	\$ 322,235	\$ 157,705
VAT, income and dividend taxes payable	29,625	28,027
Salaries payable	50,078	72,783
	<u>\$ 401,938</u>	<u>\$ 258,515</u>

**RELATED PARTY
TRANSACTIONS**

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory
information \[abstract\]](#)

[RELATED PARTY
TRANSACTIONS](#)

NOTE 9 – RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company’s Board of Directors and corporate officers. The remuneration of directors and key management personnel, not including normal employee compensation, made during the years ended December 31, 2024, 2023 and 2022 is set out below:

	December 31, 2024	December 31, 2023	December 31, 2022
Salary (cost of sales and services)	\$ 284,694	\$ 258,281	\$ 200,747
Salary (general and administrative expenses)	1,727,498	970,487	376,237
Share based payments	3,031,491	343,253	153,909
Salary (Intangible asset – software)	-	137,374	553,326
Consulting (research and development)	123,289	83,699	-
Consulting (Capital work in progress)	-	-	75,274
Consulting (Professional fees)	163,968	81,616	143,500
	<u>\$ 5,330,940</u>	<u>\$ 1,874,710</u>	<u>\$ 1,502,993</u>

As of December 31, 2024 and 2023, \$1,025 and \$843, respectively, was owed from shareholders of the Company. Amounts owed were recorded in accounts receivable are non-interest bearing and unsecured.

As at December 31, 2024 and 2023, \$233,691 and \$450,048, respectively, was owed to directors of the Company. Amounts due are owed for consulting and director fees and were recorded in accounts payable are non-interest bearing and unsecured.

**DERIVATIVE WARRANTS
LIABILITIES**

**12 Months Ended
Dec. 31, 2024**

**Derivative Warrants
Liabilities**

**DERIVATIVE WARRANTS
LIABILITIES**

NOTE 10 – DERIVATIVE WARRANTS LIABILITIES

On December 21, 2023, the Company issued 2,884,616 warrants (183,414 warrants at an exercise price of US \$8.1782 post reverse splits) in connection with its December 2023 Registered direct public offering (“December 2023 Warrants”). The warrant includes a cashless exercise provision and repricing adjustments for offerings at a price lower than the existing exercise price of the warrants, stock splits, reclassifications, subdivisions, and other similar transactions and also the exercise price of the warrant is not denominated in the functional currency of the Company, therefore, these warrants were recorded at their fair value as a derivative liability at the time of the grant and revalued at the end of each reporting period.

On March 27, 2024, following the March 2024 Public offering, which included the offering of subordinate voting shares at a price lower than the exercise price of the December 2023 Warrants, the exercise price of the December 2023 Warrants was reduced to US \$1.3643, and each December 2023 Warrant became convertible into 72.42 subordinate voting shares of the Company.

On August 27, 2024, following the 1:17 reverse stock split, the exercise price of the December 2023 Warrants was updated to \$8.1782, and each December 2023 warrant became convertible into 31.7 subordinate voting shares of the Company.

On March 14, 2024, the Company issued 134,166,665 Series A Warrants (41,538 A warrants post reverse splits) and 268,333,330 Series B Warrants (83,075 B warrants post reverse splits) in connection with its March 2024 public offering (“March 2024 A Warrants and B Warrants”). The B warrants include a cashless exercise provision, the A warrants included an alternative cashless provision that allows the holder to exercise the warrant to a share for no consideration, the warrants also include provisions for repricing adjustments for offerings at a price lower than the existing exercise price of the warrants, stock splits, reclassifications, subdivisions, and other similar transactions and also the exercise price of the warrant is not denominated in the functional currency of the Company, therefore, these warrants were recorded at their fair value as a derivative liability at the time of the grant and revalued at the end of each reporting period. As of March 14, 2024, the value of the A warrant was \$0.023 and the B warrant was \$0.0209, therefore the value of net proceedings of \$7,360,662 was allocated to the derivative liability.

On March 27, 2024, following the 1:190 reverse stock split, the exercise price of the March 2024 A Warrants and B Warrants was reduced to \$1.3643, and each B warrant became convertible into 14.21 subordinate voting shares of the Company.

On August 27, 2024, following the 1:17 reverse stock split, the exercise price of the March 2024 A Warrants and B Warrants was reduced to \$8.1782, and each B warrant became convertible into 31.7 subordinate voting shares of the Company.

c. During the year ended December 31, 2024, the Company recorded a loss on the revaluation of the total derivative liabilities of \$28,866,166, in the consolidated statements of Operations and Comprehensive Loss.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 10 – DERIVATIVE WARRANTS LIABILITIES (continued)

d. The Company engaged an outside valuation company to calculate the fair value of the derivative warrants, the March 2024 A Warrants were valued at the share price for the day of valuation due to the alternative cashless provision while Valuation for the March 2024 B Warrants and the December 2023 Warrants was based on the Monte Carlo simulation model with the following assumptions:

	December 31, 2024	March 14, 2024
Share Price	US \$ 7.95	US\$0.023
Exercise Price	US \$ 8.1782	US\$0.102

Expected life	1.7- 4.2 years	2.5-5 years
Risk-free interest rate	4.34%	4.29 %
Dividend yield	0.00%	0.00%
Expected volatility	95%	95%
Early exercise threshold	US \$ 12.2673	US \$0.153

The following table presents the Monte Carlo assumptions for the dates on which B warrants were exercised:

	<u>April 1, 2024</u>	<u>April 9, 2024</u>	<u>May 17, 2024</u>	<u>May 21, 2024</u>	<u>August 29, 2024</u>	<u>September 3, 2024</u>
Share Price	US \$ 1.43	US\$1.06	US\$1.1107	US\$1.25	US\$8.3	US\$8.5
Exercise Price	US \$ 1.3643	US\$1.3643	US\$1.3643	US\$1.3643	US\$8.1782	US\$8.1782
Expected life	4.9534 years	4.9315 years	4.8274 years	4.8164 years	4.5425 years	4.5288 years
Risk-free interest rate	4.35%	4.38%	4.46%	4.45%	3.69%	3.66%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	100.9%	102.26%	107.28%	107.25%	100.03%	99.86%
Early exercise threshold	US \$ 2.0465	US \$2.0465	US \$2.0465	US \$2.0465	US \$12.2673	US \$12.2673

The following table presents the changes in the warrant liability during the period:

Balance as of December 31, 2023	\$ 958,146
Issuance of March 2024 warrants	7,360,662
Reclassification to equity on exercise of warrants	(12,667,047)
Changes in fair value and modification of warrants*	28,866,166
Balance as of December 31, 2024	\$ 24,517,927

The December 2023 warrants, Series A warrants and Series B warrants were modified after each reverse split due to reverse split provision which has impacted the number of warrants, their exercise price and value which is included in the changes in fair value and modification of warrants.

A summary of the warrants outstanding for the year ended December 31, 2024 are summarized as follows:

	Number of December 2023 Warrants	Number of Series A Warrants	Number of Series B Warrants
Outstanding at January 1, 2022	-	-	-
Issued during the period	-	-	-
Exercised during the period	-	-	-
Cancelled during the period	-	-	-
Outstanding at December 31, 2022	-	-	-
Issued during the period	2,884,616	-	-
Exercised during the period	-	-	-
Expired during the period	-	-	-
Outstanding at December 31, 2023	2,884,616	-	-
Issued during the period	-	134,166,665	268,333,330
Adjustment following the March 2024 reverse split	(1,785,151)	(127,101,046)	(248,271,760)
Exercised during the period	-	(7,020,384)	(172,766)
Adjustment following the August 2024 reverse split	(916,051)	(37,689)	(16,570,923)
Exercised during the period	-	-	(5,299)
Outstanding at December 31, 2024	184,314	7,546	3,312,582
Exercise price at December 31, 2024	US\$4.32	US\$7.95	US\$ 4.89
Remaining life in years	3.97	1.7	4.2

LONG TERM LOAN

12 Months Ended
Dec. 31, 2024

[Notes and other explanatory information \[abstract\]](#)

[LONG TERM LOAN](#)

NOTE 11– LONG TERM LOAN

During the year ended December 31, 2020, the Company secured a term loan with a principal amount of \$182,542 (NIS 500,000) from an Israeli bank. The loan bears interest at a variable rate of Prime + 1.5% per annum and matures on September 18, 2025. The loan is subject to 48 monthly payments commencing October 18, 2021. \$9,127 (NIS 25,000) was deposited in the bank as security for the loan.

The activities of the long term loan during the years ended December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Balance, opening	\$ 85,107	\$ 135,971
Addition	-	-
Repayments	(47,818)	(45,350)
Interest expense, accrued	4,848	3,333
Translation difference	(1,368)	(8,847)
Balance, ending	40,769	85,107
Less:		
Long term loan – current portion	40,769	46,680
Long term loan – non-current portion	\$ -	\$ 38,427

The undiscounted repayments for each of the next four years and in the aggregate are:

Year ended	Amount
December 31, 2025	\$ 40,769
	\$ 40,769

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

**ENHANCED VOTING
PREFERENCE SHARES**

**12 Months Ended
Dec. 31, 2024**

**Enhanced Voting Preference
Shares**

**ENHANCED VOTING
PREFERENCE SHARES**

NOTE 12 – ENHANCED VOTING PREFERENCE SHARES

On September 20, 2024, the Company issued 75,000 Enhanced Voting Preference Shares (4,412 Enhanced Voting Preference Shares post reverse split) (the “Preference Shares”) to its Chief Executive Officer. The Preference Shares carry 50 votes per share but are without dividend rights. The Preference Shares expire automatically and revert back to the Company upon the earlier to occur of (i) the third anniversary of the date of issuance of the Preference Shares, or (ii) the Chief Executive Officer ceasing to hold office.

The creation and issuance of the Preference Shares had been approved by the Company’s shareholders at a duly called meeting on August 1, 2024.

These shares are accounted as a liability since the Company has a contractual obligation to repurchase the shares from its Chief Executive Officer and cannot be accounted as an equity instrument.

Reverse Stock Split

On October 18, 2024, the Company effected a 1-for-17 reverse stock split of its outstanding enhanced voting preference shares.

EMPLOYEE BENEFITS

12 Months Ended
Dec. 31, 2024

[Notes and other explanatory information \[abstract\]](#)

[EMPLOYEE BENEFITS](#)

NOTE 13 – EMPLOYEE BENEFITS

The severance pay liability constitutes a defined benefit plan and was calculated using actuarial assumptions. In measuring the present value of the defined benefit obligation and the current service costs the projected unit credit method was used.

a. Plan asset (liability)

Information on the Company's defined benefit pension plan and other defined benefit plans, in aggregate, is summarized as follows:

	December 31, 2024	December 31, 2023
Defined benefit plan liability	\$ (100,430)	\$ (91,533)
Less:		
fair value of plan asset or asset ceiling	-	-
	<u>\$ (100,430)</u>	<u>\$ (91,533)</u>

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 13 – EMPLOYEE BENEFITS (continued)

b. Changes in the present value of the defined benefit plan liability

The following are the continuities of the fair value of plan asset or plan liability and the present value of the defined benefit plan obligations:

	December 31, 2024	December 31, 2023
Balance, opening	\$ (91,533)	\$ (86,016)
Recognized in profit and loss for the year:		
Interest cost	(5,614)	(4,638)
Current service cost	(5,605)	(5,860)
Actuarial gain (loss) for change of assumptions	9,770	485
Translation differences	(7,448)	4,496
Balance, ending	<u>\$ (100,430)</u>	<u>\$ (91,533)</u>

The actual amount paid may vary from the estimate based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

c. Major assumptions in determining the defined benefit plan liability

The principal actuarial assumptions used in calculating the Company's defined benefit plan obligations and net defined benefit plan cost for the years were as follows (expressed as weighted averages):

	December 31, 2024	December 31, 2023
Capitalization rate	3.00%	3.15%
Salary growth rate	0%	0%
Retirement rate	5%	5%

d. Sensitivity analysis

The following table outlines the key assumptions for the years ended December 31, 2024 and 2023 and the sensitivity of a 1% change in each of these assumptions on the defined benefit plan obligations and the net defined benefit plan cost.

The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	December 31, 2024	December 31, 2023
Capitalization rate:		
Impact of: 1% increase	\$ (4,913)	\$ (4,775)
1% decrease	5,782	5,720
Salary growth rate:		
Impact of: 1% increase	\$ 5,906	\$ 5,856
1% decrease	-	-

**DERIVATIVE FOR
SETTLEMENT
AGREEMENT**

12 Months Ended

Dec. 31, 2024

**Derivative For Settlement
Agreement**

**DERIVATIVE FOR
SETTLEMENT
AGREEMENT**

NOTE 14 – DERIVATIVE FOR SETTLEMENT AGREEMENT

On May 27, 2024, pursuant to a Settlement Agreement dated May 27, 2024 (the “Settlement Agreement”), the Company issued 450,000 subordinate voting shares (26,471 subordinate voting shares post reverse split on August 2024) (valued at US\$400,500 or \$546,122) in settlement of a dispute with the co-owner (the “co-owner”) of a farm following the Company’s decision to suspend the construction of a cannabis farm on that property. Under the Settlement Agreement, the shares that grant full voting rights to the co-owner are to be held in escrow by the Company until the earlier of (a) the third anniversary of the Settlement Agreement, or (b) the date on which the Company’s board of directors resolves not to construct the cannabis farm. The number of shares to be released is subject to adjustment in the event that the market price of the Company’s subordinate voting shares is lower than US\$15.13 per share on the date of release.

The 450,000 subordinate voting shares are classified in equity since the co-owner holds full voting rights with these shares and these shares will remain in the co-owner’s ownership in any event. Since the Company also has a contractual obligation to issue an additional variable number of shares on the date of release, these additional to be issued shares are presented as a derivative liability.

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

	December 31, 2024	May 27, 2024
Weighted average fair value of derivative	US \$ 0.59	US\$ 0.50
Risk-free interest rate	2.93%	4.12%
Estimated life (in years)	2.42	3
Expected volatility	107.47%	110.01%
Expected dividend yield	0%	0%

The following table presents the changes in the derivative liability during the period:

Balance as of December 31, 2023	\$
Issuance of derivative	308,862
Changes in fair value of derivative	69,955
Balance as of December 31, 2024	<u>\$ 378,817</u>

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

EQUITY

**12 Months Ended
Dec. 31, 2024**

EQUITY

NOTE 15 – EQUITY

Authorized

Unlimited number of subordinate voting shares without par value.

Issued

As of December 31, 2024, 655,369 subordinate voting shares were issued and outstanding.

During the year ended December 31, 2024

On January 4, 2024, the Company issued 17,915 subordinate voting shares (6 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a total fair value of \$53,568.

On March 14, 2024 the Company announced the closing of an underwritten public offering with gross proceeds to the Company of approximately of \$9,458,400 before deducting underwriting discounts and other expenses paid by the Company in the amount of \$2,097,738, totaling in a net amount of \$7,360,662. Pursuant to the offering, and the overallotment allocation, The Company issued 116,680,710 subordinate voting shares (614,109 subordinate voting shares post reverse splits on March 2024 and August 2024), 134,166,665 series A warrants and 268,333,330 series B warrants. See note 10 for a discussion of the terms of the series A and B warrants.

On April 5, 2024, the Company issued 95 subordinate voting shares (6 subordinate voting shares post reverse split) to two directors following the vesting of RSU's with a total fair value of \$53,568.

On April 8, 2024, the Company granted 1,180,000 RSUs (69,412 RSUs post reverse split) to directors and consultants of the Company, the RSUs vested immediately, and 1,180,000 subordinate voting shares (69,412 subordinate voting shares post reverse split) were issued on April 8, 2024 with a fair value of \$1,645,287.

On April 9, 2024, the Company granted 100,000 RSUs (5,882 RSUs post reverse split) to a consultant of the Company, the RSUs vested immediately, and 100,000 subordinate voting shares (5,882 subordinate voting shares post reverse split) were issued with a fair value of \$143,927.

On May 27, 2024, pursuant to a Settlement Agreement Dated May 27, 2024 (the "Settlement Agreement"), the Company issued 450,000 subordinate voting shares (26,471 subordinate voting shares post reverse split) (valued at US\$400,500 or \$546,122) in settlement of a dispute with the co-owner of a farm following the Company's decision to suspend the construction of a cannabis farm on that property. Under the Settlement Agreement, the shares are to be held in escrow by the Company until the earlier of (a) the third anniversary of the Settlement Agreement, or (b) the date on which the Company's board of directors resolves not to construct the cannabis farm. The number of shares to be released is subject to adjustment in the event that the market price of the Company's subordinate voting shares is lower than US\$15.13 per share on the date of release.

On June 14, 2024, the Company issued 1,238,525 subordinate voting shares (72,854 subordinate voting shares post reverse split) to three directors following the vesting of RSU's with a fair value of \$1,205,315.

On June 19, 2024, the Company issued 23,543 subordinate voting shares (1,385 subordinate voting shares post reverse split) to directors and consultants of the Company following the vesting of RSU's with a fair value of \$22,657.

On July 16, 2024, the Company issued 28,000 subordinate voting shares (1,647 subordinate voting shares post reverse split) to a consultant following the vesting of RSU's with a fair value of \$24,841.

As of December 31, 2024, the Company issued 614,109 subordinate voting shares (36,124 subordinate voting shares post reverse split) following the closing of the underwritten public offering on March 14, 2024 as well as 7,020,384 subordinate voting shares (412,964 subordinate voting shares post reverse split) following the cashless exercise of A warrants , 172,766 subordinate voting shares (10,163 subordinate voting shares post reverse split) following the exercise of B warrants at an exercise price of US\$1.3643 per subordinate voting share and 5,299 subordinate voting shares following the exercise of B warrants at an exercise price of US\$8.1782 per subordinate voting share.

During the year ended December 31, 2023

On January 3, 2023, the Company issued 6,727 subordinate voting shares (2 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of \$6.20, for a compensation amount of \$41,875.

On April 4, 2023, the Company issued 6,727 subordinate voting shares (2 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of \$6.20, for a compensation amount of \$41,730.

On April 27, 2023, the Company granted 43,847 RSU's (14 RSU's post reverse splits) to two directors, 25% of the RSUs will vest each 3 months with the last tranche vesting on April 27, 2024.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 15 – EQUITY (continued)

On July 4, 2023, the Company issued 10,961 subordinate voting shares (3 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of \$3.82, for a compensation amount of \$41,871.

On July 19, 2023 the Company issued 1,733,334 subordinate voting shares (537 subordinate voting shares post reverse splits) at a price of US\$1.50 per share following the closing of an underwritten public offering with gross proceeds to the Company of \$3,424,201, before deducting underwriting discounts and other estimated expenses paid by the Company in the amount of \$405,636, totaling in a net amount of \$3,018,565.

On August 8, 2023, the Company granted 27,819 RSU's (9 RSU's post reverse splits) to two directors, 50% of the RSUs will vest after 6 months, 25% after 9 months and 25% after a year.

On October 10, 2023, the Company granted 10,935 RSU's (3 RSU's post reverse splits) to a consultant, the RSUs will vest over 4 months and a day.

On October 23, 2023, the Company issued 24,869 subordinate voting shares (8 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's with a fair value of \$2.62, for a compensation amount of \$65,264.

On December 21, 2023 the Company issued 2,884,616 subordinate voting shares (893 subordinate voting shares post reverse splits) at a price of US\$0.52 per share following the closing of a registered direct public offering with gross proceeds to the Company of \$1,996,650, before

deducting underwriting discounts and other estimated expenses paid by the Company in the amount of \$319,464, totalling in a net amount of \$1,677,186. The offering was for sale of 2,884,616 units (15,182 units post reverse split), each consisting of one subordinate voting share and one common warrant to purchase one subordinate voting share per warrant at an exercise price of US\$0.52 (Note 10).

On December 31, 2023, the Company granted 93,069 RSU's (29 RSU's post reverse split) to a director and a consultant, the RSUs will vest over 4 months and a day.

During the year ended December 31, 2022

On January 13, 2022, the Company completed a non-brokered private placement financing wherein it raised \$122,950 through the issuance of 40,983 subordinate voting shares (13 subordinate voting shares post reverse splits) at a price of \$3.00 per share.

On May 3, 2022, 150,000 stock options (46 stock options post reverse splits) were exercised to subordinate voting shares for total proceeds of \$123,000.

On July 4, 2022 the Company issued 6,727 subordinate voting shares (2 subordinate voting shares post reverse splits) following the vesting of RSU's.

On September 20, 2022 140,000 stock options (43 stock options post reverse splits) were exercised to subordinate voting shares for a total proceeds of \$114,800.

On September 22, 2022, as part of the acquisition of Zigi Carmel described in note 4, the Company issued 7,920,000 of its subordinate voting shares (2,452 of its subordinate voting shares post reverse splits) to the former shareholder of Zigi Carmel in exchange for all of the issued and outstanding shares of Zigi Carmel.

On October 3, 2022, the Company issued 6,727 subordinate voting shares (2 subordinate voting shares post reverse splits) to two directors following the vesting of RSU's.

On October 5, 2022, the Company completed a non-brokered private placement financing wherein it raised \$616,570 through the issuance of 142,395 subordinate voting shares (44 subordinate voting shares post reverse splits) at a price of \$4.33 per share.

Warrants

A summary of the warrants outstanding for the year ended December 31, 2024 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at January 1, 2022	400,000	\$ 1.30
Granted during the period	-	\$ -
Exercised during the period	-	\$ -
Cancelled during the period	-	\$ -
Outstanding at December 31, 2022	400,000	\$ 1.30
Granted during the period	-	\$ -
Exercised during the period	-	\$ -
Expired during the period	(400,000)	\$ 1.30
Outstanding at December 31, 2023	-	\$ -
Granted during the period	-	\$ -
Cancelled during the period	-	\$ -
Outstanding at December 31, 2024	-	\$ -

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 15 – EQUITY (continued)

Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of subordinate voting shares that may be subject to option at any one time may not exceed 30% of the issued subordinate voting shares of the Company as of that date, including options granted prior to the adoption of the plan. The exercise price of these options is not less than the Company's closing market price on the day prior to the grant of the options. Options granted may not exceed a term of ten years.

A summary of the stock options outstanding for the year ended December 31, 2024 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 2022	277	3,746.8
Granted during the period	3	\$ 20,026
Exercised during the period	(90)	\$ 2,648.6
Cancelled during the period	-	\$ -
Outstanding at December 31, 2022	190	\$ 4,554.3
Granted during the period	31	\$ 6,844.4
Exercised during the period	-	\$ -
Cancelled during the period	-	\$ -
Outstanding at December 31, 2023	221	\$ 4,862.8
Granted during the period	201	\$ 2,308.2
Cancelled during the period	(422)	\$ 3,646
Outstanding at December 31, 2024	-	\$ -
Exercisable at December 31, 2024	-	\$ -

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 15 – EQUITY (continued)

During the year ended December 31, 2023, there were 10,000 stock options (31 stock options post reverse splits) granted to directors of the Company with an exercise price ranging from \$1.93 to \$3.82 per share.

As of December 31, 2023, 667,500 of these stock options (207 of these stock options post reverse splits) were vested. During the year ended December 31, 2023, the Company recorded \$140,821 in share-based payment expense.

During the year ended December 31, 2022, there were 10,000 stock options (3 stock options post reverse splits) granted to a director of the Company with an exercise price of \$6.20 per share (\$20,026 per share post reverse splits) and 290,000 stock options (90 stock options post reverse splits) were exercised to shares.

As of December 31, 2022, 612,500 of these stock options (190 post reverse splits) were vested. During the year ended December 31, 2022, the Company recorded \$153,909 in share-based payment expense.

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

	2024	2023
Weighted average fair value of options granted	\$ 0.57	\$ 1.61
Risk-free interest rate	3.4%	3.76%
Estimated life (in years)	5	5
Expected volatility	108.75%	100.64%
Expected dividend yield	0%	0%

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

[Disclosure of detailed
information about financial
instruments \[abstract\]](#)

[FINANCIAL
INSTRUMENTS](#)

NOTE 16 – FINANCIAL INSTRUMENTS

a. Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Management estimates that cash, accounts receivable and other current liabilities approximately constitute their fair value in view of the fact that these are short term instruments.

b. Financial risk management

The Company is exposed to various financial risks through its financial instruments: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The following analysis enables users to evaluate the nature and extent of the risks.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and accounts receivable which include trade and other accounts receivable (Note 5). The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its trade receivables are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support trade receivable.

Accounts receivable primarily consist of trade receivables and sales tax receivable. The Company provides credit to very limited customer base in the normal course of business and has established credit evaluation via an active direct consultation with its customers to mitigate credit risk. Accounts receivable are shown net of any provision made for impairment of receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss (“ECL”) analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 16 – FINANCIAL INSTRUMENTS (continued)

During the year ended December 31, 2024 and 2023, there was \$nil allowance for doubtful accounts on accounts receivable recognized in the Statement of Income (Loss) and Comprehensive Income (Loss).

The Company's aging of trade receivables (Note 5) were as follows:

	December 31, 2024	December 31, 2023
0 – 30 days	\$ 46,559	\$ 61,046
31 – 60 days	41,808	58,048
61 + days	25,055	-
	<u>\$ 113,422</u>	<u>\$ 119,094</u>

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Financial liabilities include principal and interest payments.

The Company's liquidity risk is that it is not able to settle liabilities when due or that it can do so only at an abnormally high cost. Accordingly, one of management's primary goals is to maintain an optimum level of liquidity by actively managing assets, liabilities and cash flows generated by operations. The Company's future strategies can be financed through a combination of cash flows generated by operations, borrowing under existing credit facilities, and the issuance of equity. Management prepares regular budgets and cash flow forecasts to help predict future changes in liquidity.

The Corporation has financial liabilities with the following maturities as at December 31, 2024:

	Contractual cash flows					Total
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	5 year and over	
Trade payables (Note 8)	\$322,235	\$ -	\$ -	\$ -	\$ -	\$322,235
Long term loan and unpaid interest (Note 11)	40,769	-	-	-	-	40,769
	<u>\$363,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$363,004</u>

The Corporation has financial liabilities with the following maturities as at December 31, 2023:

	Contractual cash flows					Total
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	5 year and over	
Trade payables (Note 8)	\$157,705	\$ -	\$ -	\$ -	\$ -	\$157,705
Long term loan and unpaid interest (Note 11)	46,680	38,427	-	-	-	85,107
	<u>\$204,385</u>	<u>\$38,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$242,812</u>

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 16 – FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows from financial instruments will change as a result of changes in market prices. Market risk includes risks such as currency risk and share price risk. The financial instruments of the Company which are affected by market risk consist mainly of foreign currency cash and deposits, Company's US dollar denominated convertible debenture and investments in marketable securities.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As the Company is listed on Nasdaq and has raised money in USD it holds a portion of its cash balances in USD to approximate between three to twenty four months estimated operating needs. The remainder of the Company's cash is held in Canadian dollars, the Company's reporting currency, which is also the currency of the Company's largest cash outlays over the next twenty-four months.

As of December 31, 2024 and 2023, the Company has a surplus of financial assets over financial liabilities denominated in USD, consisting of cash, in the sum of \$4,421,006 and \$2,804,422, respectively.

Currency sensitivity analysis

The table below demonstrates the sensitivity test to a reasonable possible change in the exchange rate of the US dollar, with all other variables unchanged. The impact on the Company's pre-tax profit and loss arises from changes in the fair value of the assets and financial liabilities is as follows:

	Change in the USD exchange rate	Impact on pre-tax profit
December 31, 2024	5% increase	\$ (221,050)
	5% decrease	221,050
December 31, 2023	5% increase	(140,221)
	5% decrease	\$ 140,221

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 16 – FINANCIAL INSTRUMENTS (continued)

c. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and sale of its products and services, as well as to ensure that the Company is able to meet its financial obligations as they become due. The capital structure consists of components of shareholders' equity, promissory note due to related parties and the term loan provided by the bank.

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares, incur debt or return capital to shareholders. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the years ended December 31, 2024 and 2023.

**REVENUE AND
DEFERRED REVENUE**

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory
information \[abstract\]](#)

[REVENUE AND DEFERRED
REVENUE](#) **NOTE 17 – REVENUE AND DEFERRED REVENUE**

The Company has derived its revenue from the sources as summarized in the following:

	December 31, 2024	December 31, 2023	December 31, 2022
Software development	\$ 727,073	\$ 758,307	\$ 761,166
Software license	165,410	200,593	213,749
Software supports	45,513	47,102	71,460
Cloud hosting	48,550	59,926	67,334
Others	12,293	10,933	9,363
	<u>\$ 998,839</u>	<u>\$ 1,076,861</u>	<u>\$ 1,123,072</u>

The Company recognized revenues from contracts with customers in accordance with the following timing under IFRS 15:

	December 31, 2024	December 31, 2023	December 31, 2022
Revenue recognized over time	\$ 833,429	\$ 876,268	\$ 909,323
Revenue recognized at a point of time	165,410	200,593	213,749
	<u>\$ 998,839</u>	<u>\$ 1,076,861</u>	<u>\$ 1,123,072</u>

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 17 – REVENUE AND DEFERRED REVENUE (continued)

Deferred revenue represents contract liabilities for customer payments received related to services yet to be provided subsequent to the reporting date. Significant changes in deferred revenue during the years ended December 31 are as follows:

	December 31, 2024	December 31, 2023
Deferred revenue, beginning	\$ 131,794	\$ 219,068
Customer payments received attributable to contract liabilities for unearned revenue	141,126	158,711
Revenue recognized from fulfilling contract liabilities	(132,832)	(245,985)
Deferred revenue, ending	<u>\$ 140,088</u>	<u>\$ 131,794</u>

The Company derives significant revenues from one customer. During the year ended December 31, 2024, 2023 and 2022, revenues from this customer were 67%, 82% and 83% respectively, of

total revenue. The trade receivable outstanding as at December 31, 2024, and 2023 are due from this customer.

COST OF REVENUE

12 Months Ended
Dec. 31, 2024

[Notes and other explanatory information](#)
[\[abstract\]](#)

COST OF REVENUE

NOTE 18 – COST OF REVENUE

Cost of revenue incurred during the years ended December 31 are comprised of the following:

	December 31, 2024	December 31, 2023	December 31, 2022
Salaries and benefits	\$ 641,547	\$ 636,497	\$ 510,615
Subcontractors expense (recovery)	168,067	366	(16,317)
Software and other	37,339	39,944	9,804
Depreciation	1,184	1,498	2,398
	<u>\$ 848,137</u>	<u>\$ 678,305</u>	<u>\$ 506,500</u>

**COMMITMENTS AND
CONTINGECIES**

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory
information \[abstract\]](#)

[COMMITMENTS AND
CONTINGECIES](#)

NOTE 19 – COMMITMENTS AND CONTINGECIES

As of December 31, 2024, the Company is not aware of any material commitments or contingent liabilities that require disclosure under IAS 37.

INCOME TAXES

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory information \[abstract\]](#)

[INCOME TAXES](#)

NOTE 20 – INCOME TAXES

The relevant companies' tax applicable to the Company commencing from 2021 (Year of Amalgamation) and thereafter is 27%.

The relevant companies' tax applicable to BYND commencing from 2018 and thereafter is 23%. Current taxes for the reported periods are calculated according to the said tax rate.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 20 – INCOME TAXES (continued)

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Income (loss) before tax	\$ (47,588,970)	\$ (18,466,962)	\$ (1,658,404)
Income tax rate	27% and 23%	27% and 23%	27% and 23%
Expected income expense (recovery)	(12,851,939)	(4,889,258)	(460,055)
Permanent differences	8,738,305	971	(216,957)
Prior years reassessment of tax expense	-	-	-
Change in unrecognized deferred assets	1,907	(20,073)	43,428
Change in valuation allowance	4,085,102	4,600,864	542,633
Other	27,912	335,655	97,231
Total income tax expense	\$ 1,287	\$ 28,159	\$ 6,280
Current income tax	\$ 1,287	\$ 28,159	\$ 6,280
Deferred income tax	-	-	-
Total income tax expense	\$ 1,287	\$ 28,159	\$ 6,280

Temporary differences that give rise to the following deferred tax assets and liabilities at are:

	December 31, 2024	December 31, 2023
Deferred tax assets		
Non-capital loss carry forwards – Canada	9,330,761	5,245,659
Non-capital loss carry forwards – Israel	-	-
	\$ 9,330,761	\$ 5,245,659
Valuation allowance	(9,330,761)	(5,245,659)
	\$ -	\$ -

The Company has Canadian non-capital losses of \$33,353,994 which is available to offset future years' taxable income in Canada.

BYND has \$nil (2023 - \$nil) in non-capital losses carried forward for tax purposes, which can be carried forward indefinitely to be offset against future business income and business capital gains.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

SUBSEQUENT EVENTS

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory information \[abstract\]](#)

SUBSEQUENT EVENTS

NOTE 21 – SUBSEQUENT EVENTS

On January 3, 2025, the Company issued 2,767 subordinate voting shares following the exercise of B warrants.

On January 6, 2025, the Company issued 8,808 subordinate voting shares following the exercise of B warrants.

On February 7, 2025, the Company issued 188,000 subordinate voting shares to directors and consultants of the Company following the vesting of RSU's.

On February 25, 2025, the Company issued 4,000 subordinate voting shares following the exercise of B warrants and 2,462 subordinate voting shares following the exercise of A warrants.

On February 26, 2025, the Company also entered into a placement agent agreement (the "**Placement Agreement**") with Aegis Capital Corp. ("**Aegis**"), pursuant to which the Company engaged Aegis to act as its sole placement agent in connection with the offering. Pursuant to the terms of the Placement Agreement, Aegis agreed to use its best efforts to arrange for the sale of the securities in the offering. As compensation to the placement agent, the Company paid the placement agent placement commission equal to 15.0% of the aggregate gross proceeds from the offering. Aegis will also receive a fee of 10.0% of the proceeds from the cash exercise of any warrants currently outstanding or issued in the Placement, payable on exercise. In addition, the Company agreed to reimburse Aegis for certain out-of-pocket expenses, including reasonable legal fees and disbursements for its counsel.

Also, on February 26, 2025, the Company entered into an exchange agreement (the "**Exchange Agreement**") with certain holders of tranches of warrants to purchase subordinate voting shares previously issued by the Company in March 2024 and December 2023 (collectively, the "**Old Warrants**"). Under the Exchange Agreement, such holders agreed to exchange with the Company some of the outstanding Old Warrants for 2,495,933 new warrants (the "**Exchange Warrants**") to purchase subordinate voting shares, substantially similar to the Series B Warrants issued in the Private Placement. If the exercise price of the Exchange Warrants are adjusted to the floor of US\$0.76, up to 123,253,146 subordinate voting shares would be issuance upon the exercise of the Exchange Warrants. As a result of the Exchange Agreement, Old Warrants that were exchanged were cancelled as of that date.

On February 28, 2025, the Company completed the transactions contemplated under a securities purchase agreement (the "**Purchase Agreement**") with institutional investors for the purchase and sale of approximately US\$17.0 million of subordinate voting shares and pre-funded and investor warrants at a price of US\$4.17 per subordinate voting unit.

The offering (the "**Private Placement**") consisted of the sale of subordinate voting units (or Pre-Funded Units), each consisting of (i) one subordinate voting share or Pre-Funded Warrant, (ii) one Series A Warrant to purchase one subordinate voting share per warrant (the "**Series A Warrants**") and (iii) one Series B Warrant to purchase one subordinate voting share per warrant (the "**Series B Warrants**"). The purchase agreement price per Common Unit was US\$4.17 (or US\$4.16999 for each Pre-Funded Unit, which is equal to the purchase agreement price per subordinate voting unit sold in the offering minus an exercise price of US\$0.00001 per Pre-Funded Warrant). The Pre-Funded Warrants are immediately exercisable. The initial exercise price of each Series A Warrant is US\$5.21 per subordinate voting share. The Series A Warrants are exercisable immediately and expire 60 months after the Release Date (as defined in the Purchase Agreement) and may be exercised on a cashless basis if there is not then an effective registration covering the resale of

the subordinate voting shares underlying the Series A Warrants. The number of securities issuable under the Series A Warrant is subject to adjustment as described in the Series A Warrant. The initial exercise price of each Series B Warrant is US\$12.51 per subordinate voting share. They also include an alternative cashless exercise option, allowing the holder to exercise the Series B Warrant at any time and receive three subordinate voting shares for each subordinate voting share then underlying the Series B Warrant without additional consideration. The Series B Warrants are exercisable immediately and expire 30 months after the Release Date. The number of securities issuable under the Series B Warrant is subject to adjustment as described in the Series B Warrant.

On February 28, 2025, the Company issued 2,065,120 subordinate voting shares following the closing of the Private Placement.

**SIGNIFICANT
ACCOUNTING POLICIES
(Policies)**

12 Months Ended

Dec. 31, 2024

[Notes and other explanatory
information \[abstract\]](#)

[Foreign Currency Transactions](#) **a. Foreign Currency Transactions**

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Nonmonetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Translation to presentation currency

The functional currency of the Company is the NIS, which is different from its presentation currency Canadian dollar. The financial results and position of the Company are translated from NIS to Canadian dollars as follows:

- assets and liabilities for each statement of financial position presented are translated at the exchange rate on the date of the statement of financial position;
- income and expenses for each statement of comprehensive loss are translated at the average exchange rate in effect during the reporting period;

Exchange differences arising on translation to presentation currency are recognized in other comprehensive income (loss) and recorded in the Company's foreign currency translation reserve in equity.

[Financial Instruments](#)

b. Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Financial Instruments (continued)

The following table shows the classification under IFRS 9:

Financial assets / liabilities	Classification under IFRS 9
Cash	FVTPL
Accounts receivable	Amortized cost
Marketable securities	FVTPL
Trade payables and accrued liabilities	Amortized cost
Convertible debt	Amortized cost
Derivative liability	FVTPL
Promissory note	Amortized cost
Long term loan	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms are recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

[Property and equipment](#)

c. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The cost of repairs and maintenance costs is expensed as incurred.

Depreciation is calculated using the straight-line method to depreciate their cost to their residual value over their estimated useful lives. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations. The estimated useful lives are:

Description	Years
Computers and equipment	3
Vehicles	3
Furniture and equipment	6

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if needed at least once a year.

[Employee benefits](#)

d. Employee benefits

Short term benefits

Short term benefits to employees include salaries, medical and recreation benefits and contributions to the National Insurance Institute and are recognized as expenses upon the rendering of the services.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Post-employment benefits

The group's post-employment benefits include severance pay obligation. The plans are usually funded by deposits transferred into pension funds and managers' insurance plans and are classified as defined benefit plans.

According to the Severance Pay Law employees are entitled to receive severance pay when they are dismissed or when they retire. The liability for termination of employer-employee relations presented in the report of the financial position is the present value of the defined benefit obligation at the report of the financial position date, less the fair value of plan assets on the end of the reporting period out of which the obligation shall be directly paid, adjusted to any net limitation of the asset for defined benefit to asset ceiling. The defined benefit liability is calculated by actuarial methods using the projected unit credit method.

The current service cost and net interest on the net liability in respect of defined benefits are recognized in profit or loss. Re-measurements of the net liability in respect of defined benefits which are recognized in other comprehensive profit, include actuarial profits and losses and return on the assets of the plan (excluding amounts which were included in net interest). Re-measurements of the net liability in respect of defined benefits which were recognized in other comprehensive profit are not re-classified to profit or loss in a subsequent period.

[Revenue recognition](#)

e. Revenue recognition

The Company's revenue is primarily derived from service rendered for software development, cloud hosting, customer training and customer service support, and software sales from the licensing and sales of its customer relationship management ("CRM") software. The Company recognizes revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*.

In applying IFRS 15, the Company uses significant judgments to assess whether performance obligations sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. The Company also applies significant judgement in determining whether a performance obligation was satisfied over time or at a point of time, depending on the transfer of the control of the goods or services. The Company recognizes revenue over time using input method, which recognizes revenue as performance of the contract progresses and reflects the Company's performance in passing control in the products and services promised to the customer. Input method recognizes revenue based on an entity's efforts or inputs toward satisfying a performance obligation relative, primarily by development work hours expended, to the total expected efforts or inputs required to satisfy the performance obligation. The Company applies significant judgment to determine the estimated work hours to completion which affects revenue recognized for software development.

The Company recognizes revenue when control over the promised product or services is transferred to the customer. Revenue is measured at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company accounts for contracts with customers when it has approval and commitment for both parties, each party's right have been identified, payment terms are defined, the contract has commercial substance and collection is probable. For contracts that involve multiple performance obligations, the Company allocates the transaction price to each performance obligation in the contract based on the relative standalone selling prices and recognize revenue when, or as, performance obligations in the contacts are satisfied.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Revenue recognition (continued)

Software development

The Company provides software customization and development service to its customers. Revenue is generally recognized over time by measuring the progress towards complete satisfaction of the performance obligation in a manner reflecting the Company's performance in passing control in the products and services promised to the customer.

Software license

The Company provides the right to access its CRM software through licensing and sales of its CRM software. Revenues from software license are recognized at the point of time when the right to access the software is provided and the control of the license is transferred to the customer.

Software support

The Company provides ongoing software support to its customers who purchase and use its CRM software. Revenue from software support services is recognized over time as the support service is rendered.

Cloud hosting

The Company hosts the customer's software and applications on its cloud platform. Revenue from cloud hosting is recognised over time when the hosting service is provided.

Other services

The Company provides cloud backup, customer training and other consulting services which are distinct from other services and products offered. Revenue from other services is recognized as services are provided.

Revenue is presented net of taxes collected from customers and remitted to government authorities. The difference between contractual payments received and revenue recognized is recorded as deferred revenue when receipts exceed revenue.

[Cost of revenue](#)

f. Cost of revenue

Cost of revenue and services include the expenses incurred to develop software and provide technical support to customers, which include payroll for all employees, compensation to subcontractors that are directly involved in the development and providing technical support, cost

of purchasing any third party components that are integrated with the Company's software and then delivered to the customers, and other indirect costs such as depreciation of computer and equipment that are used in providing goods and service to customers. Third party component may include third party software, platform or hardware.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

[Research and Development](#)

g. Research and Development

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

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

[Leases](#)

h. Leases

The Company treats a contract as a lease when according to its terms it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company determines whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As is permitted under IFRS 16, the Company may elect to expense its short-term leases (term of 12 months or less) and leases of low-value assets, on a straight-line basis over the lease term.

As lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease or if that rate cannot be readily determined, the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are comprised of:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise the option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is measured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

[Deferred taxes](#)

i. Deferred taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

[Estimating the incremental borrowing rate on leases](#)

j. Estimating the incremental borrowing rate on leases

The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company “would have to pay”, which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

FEMTO TECHNOLOGIES INC. (FORMERLY BYND CANNASOFT ENTERPRISES INC.)

Notes to the Consolidated Financial Statements

For the Years Ended for December 31, 2024, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise noted)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

[Estimating the fair value of share-based payment transactions](#)

k. Estimating the fair value of share-based payment transactions

The Company utilizes a Black-Scholes model, or where appropriate, a Monte-Carlo Simulation to estimate the fair value of its share-based payments. In applying these models, management must estimate the expected future volatility of the Company’s estimated share price and makes such assumptions based on a proxy of publicly listed entities under an expectation that historical volatility is representative of the expected future volatility. Additionally, estimates have been made by management, in respect of the performance warrants, regarding the length of the vesting period as well as the number of performance warrants that are likely to vest.

[Estimating the fair value of financial instruments](#)

l. Estimating the fair value of financial instruments

When the Company recognizes a financial instrument, where there is no active market for such an instrument, the Company utilizes alternative valuation methods. The Company utilizes inputs from observable markets to the extent that an appropriate market can be identified, but when there is a lack of such a market, the Company applies judgment to determine a fair value. Such judgments require those such as risk and volatility, of which changes in such assumptions may impact the fair value of the financial instrument.

[Basic and diluted income \(loss\) per share](#)

m. Basic and diluted income (loss) per share

The Company presents basic income (loss) per share data for its subordinate voting shares, calculated by dividing the income (loss) attributable to subordinate voting shareholders of the Company by the weighted average number of subordinate voting shares outstanding during the period. The diluted income (loss) per share is determined by adjusting the income (loss) attributable to subordinate voting shareholders and the weighted average number of subordinate voting shares outstanding for the effects of all options, warrants and similar instruments outstanding that may add to the total number of subordinate voting shares. During the years ended December 31, 2024 and 2023, the Company does not have any dilutive instruments outstanding. In addition, because the Company incurred net losses, the effect of dilutive instruments would be anti-dilutive and therefore diluted loss per share equals basic loss per share.

**SIGNIFICANT
ACCOUNTING POLICIES
(Tables)**

**12 Months Ended
Dec. 31, 2024**

**Notes and other explanatory
information [abstract]**

**SCHEDULE OF PROPERTY
AND EQUIPMENT FOR
ESTIMATED USEFUL
LIVES**

Depreciation is calculated using the straight-line method to depreciate their cost to their residual value over their estimated useful lives. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations. The estimated useful lives are:

<u>Description</u>	<u>Years</u>
Computers and equipment	3
Vehicles	3
Furniture and equipment	6

ACQUISITIONS (Tables)

12 Months Ended
Dec. 31, 2024

[Disclosure of detailed information about
business combination \[abstract\]](#)
[SCHEDULE OF CONTINGENT
CONSIDERATION](#)

Consideration transferred:	\$
Value allocated to shares issued - 7,920,000 shares (2,452 shares post reverse splits) at \$5.40 per share	42,768,000
Fair value of assets and liabilities acquired:	
Investments	137,811
Intangible asset – patents pending	42,768,000
Shareholder loan	(137,811)
	<u>42,768,000</u>

ACCOUNTS RECEIVABLE
(Tables)

12 Months Ended
Dec. 31, 2024

[Notes and other explanatory information \[abstract\]](#)

[SCHEDULE OF ACCOUNTS RECEIVABLE](#)

	December 31, 2024	December 31, 2023
Trade receivables	\$ 113,422	\$ 119,094
Income tax advances	66,444	52,003
Interest receivable	134,823	17,494
Due from shareholders	1,025	843
	<u>\$ 315,714</u>	<u>\$ 189,434</u>

**INTANGIBLE ASSETS
(Tables)**

**12 Months Ended
Dec. 31, 2024**

Intangible assets other than goodwill [abstract]
SCHEDULE OF PATENTS INCLUDE THE FAIR
VALUE ATTRIBUTED TO THE PATENTS UPON
THE ACQUISITION

	Software	License	Patents Pending	Total
Cost				
Balance, December 31, 2022	\$ 2,350,473	\$ 850,000	\$42,961,382	\$ 46,161,855
Additions	366,325	-	-	366,325
Impairments	(2,525,459)	(850,000)	(9,498,279)	(12,873,738)
Translation differences	(110,101)	-	-	(110,101)
Balance, December 31, 2023	81,238	-	33,463,103	33,544,341
Additions	-	-	-	-
Impairments	-	-	(8,200,336)	(8,200,336)
Translation differences	-	-	-	-
Balance December 31, 2024	\$ 81,238	\$ -	25,262,767	\$ 25,344,005

	Software	License	Patents Pending	Total
Accumulated amortization				
Balance, December 31, 2022	-	-	-	-
Amortization	81,406	-	-	81,406
Translation differences	(168)	-	-	(168)
Balance, December 31, 2023	81,238	-	-	81,238
Amortization	-	-	-	-
Translation differences	-	-	-	-
Balance December 31, 2024	\$ 81,238	\$ -	-	\$ 81,238

	Software	License	Patents Pending	Total
Net book value				
At December 31, 2023	\$ -	\$ -	\$33,463,103	\$33,463,103
At December 31, 2024	\$ -	\$ -	\$25,262,767	\$25,262,767

* Reclassified software development costs from Capital Work in Progress (Note 8) to Intangible Assets – Software (See Note 4)

**PROPERTY AND
EQUIPMENT (Tables)**

**12 Months Ended
Dec. 31, 2024**

[Disclosure of detailed information about property, plant and equipment \[abstract\]](#)
[SCHEDULE OF PROPERTY AND EQUIPMENT](#)

Property and equipment consisted of the following:

	<u>Computers & Vehicles Equipment</u>	<u>Furniture & Equipment</u>	<u>Capital Work In Progress</u>	<u>Total</u>	
Costs					
Balance, January 1, 2023	29,019	181,052	33,310	279,025	522,406
Additions	6,664	-	1,039	704	8,407
Impairments	-	-	-	(268,743)	(268,743)
Translation differences	(1,519)	(9,419)	(1,735)	(10,986)	(23,659)
Balance, December 31, 2023	34,164	171,633	32,614	-	238,411
Additions	-	-	-	-	-
Impairments	-	-	-	-	-
Translation differences	2,448	13,788	2,621	-	18,857
Balance, December 31, 2024	\$ 36,612	\$185,421	\$ 35,235	\$ -	\$ 257,268
Accumulated depreciation					
Balance as of January 1, 2023	27,588	169,535	30,168	-	227,291
Depreciation	2,172	9,377	1,897	-	13,446
Translation differences	(1,439)	(8,839)	(1,573)	-	(11,851)
Balance, December 31, 2023	28,321	170,073	30,492	-	228,886
Depreciation	3,204	1,582	584	-	5,370
Translation differences	2,299	13,766	2,488	-	18,553
Balance, December 31, 2024	\$ 33,824	\$185,421	\$ 33,564	\$ -	\$ 252,809
Net book value					
At December 31, 2023	\$ 5,843	\$ 1,560	\$ 2,122	\$ -	\$ 9,525
At December 31, 2024	\$ 2,788	\$ -	\$ 1,671	\$ -	\$ 4,459

**TRADE PAYABLES AND
ACCRUED LIABILITIES**
(Tables)

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory information \[abstract\]](#)
[SCHEDULE OF TRADE PAYABLES AND ACCRUED
LIABILITIES](#)

	December 31, 2024	December 31, 2023
Trade payables	\$ 322,235	\$ 157,705
VAT, income and dividend taxes payable	29,625	28,027
Salaries payable	50,078	72,783
	<u>\$ 401,938</u>	<u>\$ 258,515</u>

**RELATED PARTY
TRANSACTIONS (Tables)**

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory
information \[abstract\]](#)

[SCHEDULE OF RELATED PARTY
TRANSACTIONS](#)

	December 31, 2024	December 31, 2023	December 31, 2022
Salary (cost of sales and services)	\$ 284,694	\$ 258,281	\$ 200,747
Salary (general and administrative expenses)	1,727,498	970,487	376,237
Share based payments	3,031,491	343,253	153,909
Salary (Intangible asset – software)	-	137,374	553,326
Consulting (research and development)	123,289	83,699	-
Consulting (Capital work in progress)	-	-	75,274
Consulting (Professional fees)	163,968	81,616	143,500
	<u>\$ 5,330,940</u>	<u>\$ 1,874,710</u>	<u>\$ 1,502,993</u>

**DERIVATIVE WARRANTS
LIABILITIES (Tables)**

**12 Months Ended
Dec. 31, 2024**

[Derivative Warrants
Liabilities](#)

[SCHEDULE OF
DERIVATIVE WARRANT
LIABILITY](#)

	December 31, 2024	March 14, 2024
Share Price	US \$ 7.95	US\$0.023
Exercise Price	US \$ 8.1782	US\$0.102
Expected life	1.7- 4.2 years	2.5-5 years
Risk-free interest rate	4.34%	4.29 %
Dividend yield	0.00%	0.00%
Expected volatility	95%	95%
Early exercise threshold	US \$ 12.2673	US \$0.153

The following table presents the Monte Carlo assumptions for the dates on which B warrants were exercised:

	April 1, 2024	April 9, 2024	May 17, 2024	May 21, 2024	August 29, 2024	September 3, 2024
Share Price	US \$ 1.43	US\$1.06	US\$1.1107	US\$1.25	US\$8.3	US\$8.5
Exercise Price	US \$ 1.3643	US\$1.3643	US\$1.3643	US\$1.3643	US\$8.1782	US\$8.1782
Expected life	4.9534 years	4.9315 years	4.8274 years	4.8164 years	4.5425 years	4.5288 years
Risk-free interest rate	4.35%	4.38%	4.46%	4.45%	3.69%	3.66%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	100.9%	102.26%	107.28%	107.25%	100.03%	99.86%
Early exercise threshold	US \$ 2.0465	US \$2.0465	US \$2.0465	US \$2.0465	US \$12.2673	US \$12.2673

[SCHEDULE OF CHANGES
IN THE WARRANT
LIABILITY](#)

The following table presents the changes in the warrant liability during the period:

Balance as of December 31, 2023	\$ 958,146
Issuance of March 2024 warrants	7,360,662
Reclassification to equity on exercise of warrants	(12,667,047)
Changes in fair value and modification of warrants*	28,866,166
Balance as of December 31, 2024	<u>\$ 24,517,927</u>

The December 2023 warrants, Series A warrants and Series B warrants were modified after each reverse split due to reverse split provision which has impacted the number of warrants, their exercise price and value which is included in the changes in fair value and modification of warrants.

A summary of the warrants outstanding for the year ended December 31, 2024 are summarized as follows:

[SCHEDULE OF
WARRANTS
OUTSTANDING](#)

	Number of December 2023 Warrants	Number of Series A Warrants	Number of Series B Warrants
Outstanding at January 1, 2022	-	-	-
Issued during the period	-	-	-
Exercised during the period	-	-	-
Cancelled during the period	-	-	-
Outstanding at December 31, 2022	-	-	-
Issued during the period	2,884,616	-	-
Exercised during the period	-	-	-
Expired during the period	-	-	-
Outstanding at December 31, 2023	2,884,616	-	-
Issued during the period	-	134,166,665	268,333,330
Adjustment following the March 2024 reverse split	(1,785,151)	(127,101,046)	(248,271,760)

Exercised during the period	-	(7,020,384)	(172,766)
Adjustment following the August 2024 reverse split	(916,051)	(37,689)	(16,570,923)
Exercised during the period	-	-	(5,299)
Outstanding at December 31, 2024	<u>184,314</u>	<u>7,546</u>	3,312,582
Exercise price at December 31, 2024	US\$4.32	US\$7.95	US\$ 4.89
Remaining life in years	3.97	1.7	4.2

LONG TERM LOAN
(Tables)

12 Months Ended
Dec. 31, 2024

[Notes and other explanatory information](#)
[\[abstract\]](#)

[SCHEDULE OF LONG TERM LOAN](#)

The activities of the long term loan during the years ended December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Balance, opening	\$ 85,107	\$ 135,971
Addition	-	-
Repayments	(47,818)	(45,350)
Interest expense, accrued	4,848	3,333
Translation difference	(1,368)	(8,847)
Balance, ending	<u>40,769</u>	<u>85,107</u>
Less:		
Long term loan – current portion	40,769	46,680
Long term loan – non-current portion	<u>\$ -</u>	<u>\$ 38,427</u>

[SCHEDULE OF UNDISCOUNTED
REPAYMENTS](#)

The undiscounted repayments for each of the next four years and in the aggregate are:

Year ended	Amount
December 31, 2025	<u>\$ 40,769</u>
	<u>\$ 40,769</u>

**EMPLOYEE BENEFITS
(Tables)**

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory information
\[abstract\]](#)

[SCHEDULE OF PLAN ASSET
\(LIABILITY\)](#)

Information on the Company's defined benefit pension plan and other defined benefit plans, in aggregate, is summarized as follows:

	December 31, 2024	December 31, 2023
Defined benefit plan liability	\$ (100,430)	\$ (91,533)
Less:		
fair value of plan asset or asset ceiling	-	-
	<u>\$ (100,430)</u>	<u>\$ (91,533)</u>

[SCHEDULE OF CHANGE IN THE
PRESENT VALUE OF THE DEFINED
BENEFIT PLAN LIABILITY](#)

The following are the continuities of the fair value of plan asset or plan liability and the present value of the defined benefit plan obligations:

	December 31, 2024	December 31, 2023
Balance, opening	\$ (91,533)	\$ (86,016)
Recognized in profit and loss for the year:		
Interest cost	(5,614)	(4,638)
Current service cost	(5,605)	(5,860)
Actuarial gain (loss) for change of assumptions	9,770	485
Translation differences	(7,448)	4,496
Balance, ending	<u>\$ (100,430)</u>	<u>\$ (91,533)</u>

[SCHEDULE OF MAJOR ASSUMPTIONS
IN DETERMINING THE DEFINED
BENEFITS PLAN LIABILITY](#)

The principal actuarial assumptions used in calculating the Company's defined benefit plan obligations and net defined benefit plan cost for the years were as follows (expressed as weighted averages):

	December 31, 2024	December 31, 2023
Capitalization rate	3.00%	3.15%
Salary growth rate	0%	0%
Retirement rate	5%	5%

[SCHEDULE OF SENSITIVITY ANALYSIS](#)

	December 31, 2024	December 31, 2023
Capitalization rate:		
Impact of: 1% increase	\$ (4,913)	\$ (4,775)
1% decrease	5,782	5,720
Salary growth rate:		
Impact of: 1% increase	\$ 5,906	\$ 5,856
1% decrease	-	-

**DERIVATIVE FOR
SETTLEMENT
AGREEMENT (Tables)**

12 Months Ended

Dec. 31, 2024

Derivative For Settlement Agreement

**SCHEDULE OF FAIR VALUE OF
DERIVATIVE LIABILITY**

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

	December 31, 2024	May 27, 2024
Weighted average fair value of derivative	US \$ 0.59	US\$ 0.50
Risk-free interest rate	2.93%	4.12%
Estimated life (in years)	2.42	3
Expected volatility	107.47%	110.01%
Expected dividend yield	0%	0%

**SCHEDULE OF CHANGES IN
DERIVATIVE LIABILITY**

The following table presents the changes in the derivative liability during the period:

Balance as of December 31, 2023	\$
Issuance of derivative	308,862
Changes in fair value of derivative	69,955
Balance as of December 31, 2024	<u>\$ 378,817</u>

EQUITY (Tables)

SCHEDULE OF WARRANTS OUTSTANDING

12 Months Ended Dec. 31, 2024

A summary of the warrants outstanding for the year ended December 31, 2024 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at January 1, 2022	400,000	\$ 1.30
Granted during the period	-	\$ -
Exercised during the period	-	\$ -
Cancelled during the period	-	\$ -
Outstanding at December 31, 2022	400,000	\$ 1.30
Granted during the period	-	\$ -
Exercised during the period	-	\$ -
Expired during the period	(400,000)	\$ 1.30
Outstanding at December 31, 2023	-	\$ -
Granted during the period	-	\$ -
Cancelled during the period	-	\$ -
Outstanding at December 31, 2024	-	\$ -

SCHEDULE OF STOCK OPTIONS OUTSTANDING

A summary of the stock options outstanding for the year ended December 31, 2024 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 2022	277	3,746.8
Granted during the period	3	\$ 20,026
Exercised during the period	(90)	\$ 2,648.6
Cancelled during the period	-	\$ -
Outstanding at December 31, 2022	190	\$ 4,554.3
Granted during the period	31	\$ 6,844.4
Exercised during the period	-	\$ -
Cancelled during the period	-	\$ -
Outstanding at December 31, 2023	221	\$ 4,862.8
Granted during the period	201	\$ 2,308.2
Cancelled during the period	(422)	\$ 3,646
Outstanding at December 31, 2024	-	\$ -
Exercisable at December 31, 2024	-	\$ -

SCHEDULE OF WEIGHTED AVERAGE ASSUMPTIONS

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

	2024	2023
Weighted average fair value of options granted	\$ 0.57	\$ 1.61
Risk-free interest rate	3.4%	3.76%
Estimated life (in years)	5	5
Expected volatility	108.75%	100.64%
Expected dividend yield	0%	0%

**FINANCIAL
INSTRUMENTS (Tables)**

**12 Months Ended
Dec. 31, 2024**

**Disclosure of detailed
information about financial
instruments [abstract]**

**SCHEDULE OF TRADE
RECEIVABLES**

The Company's aging of trade receivables (Note 5) were as follows:

	December 31, 2024	December 31, 2023
0 – 30 days	\$ 46,559	\$ 61,046
31 – 60 days	41,808	58,048
61 + days	25,055	-
	<u>\$ 113,422</u>	<u>\$ 119,094</u>

**SCHEDULE OF FINANCIAL
LIABILITIES**

The Corporation has financial liabilities with the following maturities as at December 31, 2024:

	Contractual cash flows					Total
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	5 year and over	
Trade payables (Note 8)	\$322,235	\$ -	\$ -	\$ -	\$ -	\$322,235
Long term loan and unpaid interest (Note 11)	40,769	-	-	-	-	40,769
	<u>\$363,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$363,004</u>

The Corporation has financial liabilities with the following maturities as at December 31, 2023:

	Contractual cash flows					Total
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	5 year and over	
Trade payables (Note 8)	\$157,705	\$ -	\$ -	\$ -	\$ -	\$157,705
Long term loan and unpaid interest (Note 11)	46,680	38,427	-	-	-	85,107
	<u>\$204,385</u>	<u>\$38,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$242,812</u>

**SCHEDULE OF CHANGES
IN FAIR VALUE**

The table below demonstrates the sensitivity test to a reasonable possible change in the exchange rate of the US dollar, with all other variables unchanged. The impact on the Company's pre-tax profit and loss arises from changes in the fair value of the assets and financial liabilities is as follows:

	Change in the USD exchange rate	Impact on pre-tax profit
December 31, 2024	5% increase	\$ (221,050)
	5% decrease	221,050
December 31, 2023	5% increase	(140,221)
	5% decrease	\$ 140,221

**REVENUE AND
DEFERRED REVENUE
(Tables)**

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory information \[abstract\]](#)

[SCHEDULE OF REVENUE FROM SOURCES](#)

The Company has derived its revenue from the sources as summarized in the following:

	December 31, 2024	December 31, 2023	December 31, 2022
Software development	\$ 727,073	\$ 758,307	\$ 761,166
Software license	165,410	200,593	213,749
Software supports	45,513	47,102	71,460
Cloud hosting	48,550	59,926	67,334
Others	12,293	10,933	9,363
	<u>\$ 998,839</u>	<u>\$ 1,076,861</u>	<u>\$ 1,123,072</u>

[SCHEDULE OF REVENUE UNDER TIMING](#)

The Company recognized revenues from contracts with customers in accordance with the following timing under IFRS 15:

	December 31, 2024	December 31, 2023	December 31, 2022
Revenue recognized over time	\$ 833,429	\$ 876,268	\$ 909,323
Revenue recognized at a point of time	165,410	200,593	213,749
	<u>\$ 998,839</u>	<u>\$ 1,076,861</u>	<u>\$ 1,123,072</u>

[SCHEDULE OF DEFERRED REVENUE](#)

Deferred revenue represents contract liabilities for customer payments received related to services yet to be provided subsequent to the reporting date. Significant changes in deferred revenue during the years ended December 31 are as follows:

	December 31, 2024	December 31, 2023
Deferred revenue, beginning	\$ 131,794	\$ 219,068
Customer payments received attributable to contract liabilities for unearned revenue	141,126	158,711
Revenue recognized from fulfilling contract liabilities	(132,832)	(245,985)
Deferred revenue, ending	<u>\$ 140,088</u>	<u>\$ 131,794</u>

**COST OF REVENUE
(Tables)**

**12 Months Ended
Dec. 31, 2024**

[Notes and other explanatory information](#)
[\[abstract\]](#)

[SCHEDULE OF COST OF REVENUE](#)

Cost of revenue incurred during the years ended December 31 are comprised of the following:

	December 31, 2024	December 31, 2023	December 31, 2022
Salaries and benefits	\$ 641,547	\$ 636,497	\$ 510,615
Subcontractors expense (recovery)	168,067	366	(16,317)
Software and other	37,339	39,944	9,804
Depreciation	1,184	1,498	2,398
	<u>\$ 848,137</u>	<u>\$ 678,305</u>	<u>\$ 506,500</u>

INCOME TAXES (Tables)

12 Months Ended
Dec. 31, 2024

[Notes and other explanatory information \[abstract\]](#)

[SCHEDULE OF RECONCILIATION OF INCOME TAXES AT STATUTORY TAXES](#)

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Income (loss) before tax	\$(47,588,970)	\$(18,466,962)	\$(1,658,404)
Income tax rate	27% and 23%	27% and 23%	27% and 23%
Expected income expense (recovery)	(12,851,939)	(4,889,258)	(460,055)
Permanent differences	8,738,305	971	(216,957)
Prior years reassessment of tax expense	-	-	-
Change in unrecognized deferred assets	1,907	(20,073)	43,428
Change in valuation allowance	4,085,102	4,600,864	542,633
Other	27,912	335,655	97,231
Total income tax expense	\$ 1,287	\$ 28,159	\$ 6,280
Current income tax	\$ 1,287	\$ 28,159	\$ 6,280
Deferred income tax	-	-	-
Total income tax expense	\$ 1,287	\$ 28,159	\$ 6,280

[SCHEDULE OF TEMPORARY DIFFERENCES OF DEFERRED TAX ASSETS AND LIABILITIES](#)

Temporary differences that give rise to the following deferred tax assets and liabilities at are:

	December 31, 2024	December 31, 2023
Deferred tax assets		
Non-capital loss carry forwards – Canada	9,330,761	5,245,659
Non-capital loss carry forwards – Israel	-	-
	<u>\$ 9,330,761</u>	<u>\$ 5,245,659</u>
Valuation allowance	<u>(9,330,761)</u>	<u>(5,245,659)</u>
	<u>\$ -</u>	<u>\$ -</u>

NATURE OF OPERATIONS AND GOING CONCERN (Details Narrative)	Feb. 26, 2025 CAD (\$) \$ / shares	12 Months Ended								
		Oct. 18, 2024	Aug. 27, 2024	Aug. 16, 2024	Mar. 27, 2024	Mar. 15, 2024	Dec. 31, 2024 CAD (\$)	Dec. 31, 2023 CAD (\$)	Dec. 31, 2022 CAD (\$)	Sep. 22, 2022 shares

[IfrsStatementLineItems](#)

[\[Line Items\]](#)

[Reverse stock split](#)

1-for-17 reverse stock split
 1:17 reverse stock split
 one (1) for seventeen (17) reverse stock split
 1:190 reverse ninety (190) reverse stock split
 one (1) for one hundred ninety (190) reverse stock split

[Loss for the year](#)

\$ 47,590,257
 \$ 18,495,121
 \$ 1,664,684

[Accumulated deficit](#)

\$ 72,902,426
 \$ 25,312,169

[Events occurring after reporting date \[member\]](#)

[IfrsStatementLineItems](#)

[\[Line Items\]](#)

[Purchase and sale of institutional investors](#) \$ 17,000,000.0

[Pre-funded and investor warrants price per share | \\$ / shares](#) \$ 4.17

[Beyond Solutions Ltd. \[member\] | Share exchange agreement \[member\]](#)

[IfrsStatementLineItems](#)

[\[Line Items\]](#)

[Ownership interest \[member\] | Share exchange agreement \[member\]](#) 74.00%

[IfrsStatementLineItems](#)

[\[Line Items\]](#)

[Ownership interest \[member\] | Share exchange agreement \[member\] | Former shareholder \[member\]](#) 26.00%

[IfrsStatementLineItems](#)

[\[Line Items\]](#)

[Ownership interest \[member\] | Share exchange agreement \[member\] | Former shareholder \[member\] | Post reverse split \[member\]](#) 100.00%

Number of shares issued | shares 7,920,000

[Zigi Carmel Initiatives and Investments Ltd. \[member\] | Share exchange agreement \[member\] | Former shareholder \[member\] | Post reverse split \[member\]](#)

[IfrsStatementLineItems](#)
[\[Line Items\]](#)
[Number of shares issued |](#)
[shares](#)

2,452

**SCHEDULE OF
PROPERTY AND
EQUIPMENT FOR
ESTIMATED USEFUL
LIVES (Details)**

12 Months Ended

Dec. 31, 2024

[Computer equipment \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Useful life measured as period of time, property, plant and equipment](#) 3 years

[Vehicles \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Useful life measured as period of time, property, plant and equipment](#) 3 years

[Fixtures and fittings \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Useful life measured as period of time, property, plant and equipment](#) 6 years

**SCHEDULE OF
CONTINGENT
CONSIDERATION (Details)
- Zigi Carmel Initiatives and
Investments Ltd. [member]**

**Sep. 22,
2022
CAD (\$)**

Consideration transferred:

Value allocated to shares issued - 7,920,000 shares (2,452 shares post reverse splits) at \$5.40 per share \$ 42,768,000

Fair value of assets and liabilities acquired:

<u>Investments</u>	137,811
<u>Intangible asset – patents pending</u>	42,768,000
<u>Shareholder loan</u>	(137,811)
<u>Fair value of assets and liabilities</u>	\$ 42,768,000

**SCHEDULE OF
CONTINGENT
CONSIDERATION (Details) Sep. 22, 2022
(Parenthetical) - Zigi Carmel shares
Initiatives and Investments \$ / shares
Ltd. [member] - Former
shareholder [member]**

[Post reverse split \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Number of shares issued](#) 2,452

[Share exchange agreement \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Number of shares issued](#) 7,920,000

[Share price | \\$ / shares](#) \$ 5.40

**ACQUISITIONS (Details
Narrative) - Zigi Carmel
Initiatives and Investments
Ltd. [member] - Former
shareholder [member]**

**Sep. 22,
2022
shares**

[Post reverse split \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Number of shares issued](#)

2,452

[Share exchange agreement \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Ownership interest percentage](#)

100.00%

[Number of shares issued](#)

7,920,000

[Share exchange agreement \[member\] | Subordinate voting shares \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Number of shares issued](#)

7,920,000

[Share exchange agreement \[member\] | Subordinate voting shares \[member\] | Post reverse split \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Number of shares issued](#)

2,452

**SCHEDULE OF
ACCOUNTS RECEIVABLE
(Details) - CAD (\$)**

Dec. 31, 2024 Dec. 31, 2023

Notes and other explanatory information [abstract]

<u>Trade receivables</u>	\$ 113,422	\$ 119,094
<u>Income tax advances</u>	66,444	52,003
<u>Interest receivable</u>	134,823	17,494
<u>Due from shareholders</u>	1,025	843
<u>Accounts receivable</u>	\$ 315,714	\$ 189,434

**SCHEDULE OF PATENTS
INCLUDE THE FAIR
VALUE ATTRIBUTED TO
THE PATENTS UPON THE
ACQUISITION (Details) -
Gross carrying amount
[member] - CAD (\$)**

12 Months Ended

	Dec. 31, 2024	Dec. 31, 2023
<u>IfrsStatementLineItems [Line Items]</u>		
<u>Cost, beginning balance</u>	\$ 33,544,341	\$ 46,161,855
<u>Additions</u>		366,325
<u>Impairments</u>	(8,200,336)	(12,873,738)
<u>Translation differences</u>		(110,101)
<u>Cost, ending balance</u>	25,344,005	33,544,341
<u>Accumulated amortization, beginning balance</u>	81,238	
<u>Accumulated amortization, beginning balance</u>		81,406
<u>Accumulated amortization, beginning balance</u>		(168)
<u>Accumulated amortization, beginning balance</u>	81,238	81,238
<u>Accumulated amortization, beginning balance</u>	25,262,767	33,463,103
<u>Computer software [member]</u>		
<u>IfrsStatementLineItems [Line Items]</u>		
<u>Cost, beginning balance</u>	[1] 81,238	2,350,473
<u>Additions</u>	[1]	366,325
<u>Impairments</u>	[1]	(2,525,459)
<u>Translation differences</u>	[1]	(110,101)
<u>Cost, ending balance</u>	[1] 81,238	81,238
<u>Accumulated amortization, beginning balance</u>	[1] 81,238	
<u>Accumulated amortization, beginning balance</u>	[1]	81,406
<u>Accumulated amortization, beginning balance</u>	[1]	(168)
<u>Accumulated amortization, beginning balance</u>	[1] 81,238	81,238
<u>Accumulated amortization, beginning balance</u>	[1]	
<u>Licences [member]</u>		
<u>IfrsStatementLineItems [Line Items]</u>		
<u>Cost, beginning balance</u>		850,000
<u>Additions</u>		
<u>Impairments</u>		(850,000)
<u>Translation differences</u>		
<u>Cost, ending balance</u>		
<u>Accumulated amortization, beginning balance</u>		
<u>Accumulated amortization, beginning balance</u>		
<u>Accumulated amortization, beginning balance</u>		
<u>Accumulated amortization, beginning balance</u>		

Accumulated amortization, beginning balance

Patent [Member]

IfrsStatementLineItems [Line Items]

<u>Cost, beginning balance</u>	33,463,103	42,961,382
<u>Additions</u>		
<u>Impairments</u>	(8,200,336)	(9,498,279)
<u>Translation differences</u>		
<u>Cost, ending balance</u>	25,262,767	33,463,103
<u>Accumulated amortization, beginning balance</u>		
<u>Accumulated amortization, beginning balance</u>	\$ 25,262,767	\$ 33,463,103

[1] Reclassified software development costs from Capital Work in Progress (Note 8) to Intangible Assets – Software (See Note 4)

INTANGIBLE ASSETS
(Details Narrative) - CAD (\$)

12 Months Ended
Dec. 31, 2024 Dec. 31, 2022

Intangible assets other than goodwill [abstract]

<u>Patents</u>	\$ 42,768,000
<u>Transaction and other costs</u>	193,382
<u>Transaction and other costs, net</u>	\$ 42,961,382
<u>Fair value of cost of disposal, percentage</u>	2.00%

**SCHEDULE OF
PROPERTY AND
EQUIPMENT (Details) -
CAD (\$)**

12 Months Ended

Dec. 31, 2024 Dec. 31, 2023

IfrsStatementLineItems [Line Items]

<u>Cost, beginning balance</u>	\$ 238,411	\$ 522,406
<u>Additions</u>		8,407
<u>Impairments</u>		(268,743)
<u>Translation differences</u>	18,857	(23,659)
<u>Cost, ending balance</u>	257,268	238,411
<u>Accumulated amortization, beginning balance</u>	228,886	227,291
<u>Depreciation</u>	5,370	13,446
<u>Translation differences</u>	18,553	(11,851)
<u>Accumulated amortization, ending balance</u>	252,809	228,886
<u>Property, plant and equipment, net</u>	4,459	9,525

Computer equipment [member]

IfrsStatementLineItems [Line Items]

<u>Cost, beginning balance</u>	34,164	29,019
<u>Additions</u>		6,664
<u>Impairments</u>		
<u>Translation differences</u>	2,448	(1,519)
<u>Cost, ending balance</u>	36,612	34,164
<u>Accumulated amortization, beginning balance</u>	28,321	27,588
<u>Depreciation</u>	3,204	2,172
<u>Translation differences</u>	2,299	(1,439)
<u>Accumulated amortization, ending balance</u>	33,824	28,321
<u>Property, plant and equipment, net</u>	2,788	5,843

Vehicles [member]

IfrsStatementLineItems [Line Items]

<u>Cost, beginning balance</u>	171,633	181,052
<u>Additions</u>		
<u>Impairments</u>		
<u>Translation differences</u>	13,788	(9,419)
<u>Cost, ending balance</u>	185,421	171,633
<u>Accumulated amortization, beginning balance</u>	170,073	169,535
<u>Depreciation</u>	1,582	9,377
<u>Translation differences</u>	13,766	(8,839)
<u>Accumulated amortization, ending balance</u>	185,421	170,073
<u>Property, plant and equipment, net</u>		1,560

Furniture and equipment [member]

IfrsStatementLineItems [Line Items]

<u>Cost, beginning balance</u>	32,614	33,310
<u>Additions</u>		1,039
<u>Impairments</u>		

<u>Translation differences</u>	2,621	(1,735)
<u>Cost, ending balance</u>	35,235	32,614
<u>Accumulated amortization, beginning balance</u>	30,492	30,168
<u>Depreciation</u>	584	1,897
<u>Translation differences</u>	2,488	(1,573)
<u>Accumulated amortization, ending balance</u>	33,564	30,492
<u>Property, plant and equipment, net</u>	1,671	2,122
<u>Capital work in progress [member]</u>		
<u>IfrsStatementLineItems [Line Items]</u>		
<u>Cost, beginning balance</u>		279,025
<u>Additions</u>		704
<u>Impairments</u>		(268,743)
<u>Translation differences</u>		(10,986)
<u>Cost, ending balance</u>		
<u>Accumulated amortization, beginning balance</u>		
<u>Depreciation</u>		
<u>Translation differences</u>		
<u>Accumulated amortization, ending balance</u>		
<u>Property, plant and equipment, net</u>		

**PROPERTY AND
EQUIPMENT (Details
Narrative) - CAD (\$)**

12 Months Ended

Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022

IfrsStatementLineItems [Line Items]

Depreciation \$ 4,187 \$ 93,354 \$ 30,702

Computer equipment [member]

IfrsStatementLineItems [Line Items]

Depreciation \$ 1,184 \$ 1,498

**SCHEDULE OF TRADE
PAYABLES AND
ACCRUED LIABILITIES
(Details) - CAD (\$)**

Dec. 31, 2024 Dec. 31, 2023

[Notes and other explanatory information \[abstract\]](#)

<u>Trade payables</u>	\$ 322,235	\$ 157,705
<u>VAT, income and dividend taxes payable</u>	29,625	28,027
<u>Salaries payable</u>	50,078	72,783
<u>Trade payables and accrued liabilities</u>	\$ 401,938	\$ 258,515

**SCHEDULE OF RELATED
PARTY TRANSACTIONS
(Details) - CAD (\$)**

12 Months Ended

Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022

IfrsStatementLineItems [Line Items]

Share based payments \$ 3,031,491 \$ 343,253 \$ 153,909

Total 5,330,940 1,874,710 1,502,993

Cost of sales [member]

IfrsStatementLineItems [Line Items]

Salary (Intangible asset – software) 284,694 258,281 200,747

Selling, general and administrative expense [member]

IfrsStatementLineItems [Line Items]

Salary (Intangible asset – software) 1,727,498 970,487 376,237

Intangible asset software [member]

IfrsStatementLineItems [Line Items]

Salary (Intangible asset – software) 137,374 553,326

Research and development [member]

IfrsStatementLineItems [Line Items]

Consulting (Professional fees) 123,289 83,699

Capital work in progress [member]

IfrsStatementLineItems [Line Items]

Consulting (Professional fees) 75,274

Professional fees [member]

IfrsStatementLineItems [Line Items]

Consulting (Professional fees) \$ 163,968 \$ 81,616 \$ 143,500

**RELATED PARTY
TRANSACTIONS (Details
Narrative) - CAD (\$)**

Dec. 31, 2024 Dec. 31, 2023

[Notes and other explanatory information \[abstract\]](#)

<u>Amounts receivable, related party transactions</u>	\$ 1,025	\$ 843
<u>Amounts payable, related party transactions</u>	\$ 233,691	\$ 450,048

**SCHEDULE OF
DERIVATIVE WARRANT**

**12 Months
Ended**

LIABILITY (Details) - \$ / shares **Sep. 03, 2024** **Aug. 29, 2024** **May 21, 2024** **May 17, 2024** **Apr. 09, 2024** **Apr. 01, 2024** **Mar. 14, 2024** **Dec. 31, 2024** **Dec. 31, 2023**

IfrsStatementLineItems

[Line Items]

Share Price								\$ 0.57	\$ 1.61
Risk free interest rate								3.40%	3.76%
Expected dividend								0.00%	0.00%
Expected volatility								108.75%	100.64%

[Derivative warrant liability](#)
[\[member\]](#)

IfrsStatementLineItems

[Line Items]

Share Price	\$ 8.5	\$ 8.3	\$ 1.25	\$ 1.1107	\$ 1.06	\$ 1.43	\$ 0.023	\$ 7.95
Exercise Price	\$ 8.1782	\$ 8.1782	\$ 1.3643	\$ 1.3643	\$ 1.3643	\$ 1.3643	\$ 0.102	\$ 8.1782
Expected life	4 years 6 months 10 days	4 years 6 months 15 days	4 years 9 months 24 days	4 years 9 months 28 days	4 years 11 months 5 days	4 years 11 months 13 days		
Risk free interest rate	3.66%	3.69%	4.45%	4.46%	4.38%	4.35%	4.29%	4.34%
Expected dividend	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	99.86%	100.03%	107.25%	107.28%	102.26%	100.90%	95.00%	95.00%
Early exercise threshold	\$ 12.2673	\$ 12.2673	\$ 2.0465	\$ 2.0465	\$ 2.0465	\$ 2.0465	\$ 0.153	\$ 12.2673

[Derivative warrant liability](#)
[\[member\]](#) | [Bottom of range](#)
[\[member\]](#)

IfrsStatementLineItems

[Line Items]

Expected life								2 years 6 months	1 year 8 months 12 days
-------------------------------	--	--	--	--	--	--	--	------------------	-------------------------

[Derivative warrant liability](#)
[\[member\]](#) | [Top of range](#)
[\[member\]](#)

IfrsStatementLineItems

[Line Items]

Expected life								5 years	4 years 2 months 12 days
-------------------------------	--	--	--	--	--	--	--	---------	--------------------------

**SCHEDULE OF CHANGES
IN THE WARRANT
LIABILITY (Details)**

**12 Months Ended
Dec. 31, 2024
CAD (\$)**

Derivative Warrants Liabilities

<u>Balance as of December 31, 2023</u>	\$ 958,146
<u>Issuance of March 2024 warrants</u>	7,360,662
<u>Reclassification to equity on exercise of warrants</u>	(12,667,047)
<u>Changes in fair value and modification of warrants*</u>	28,866,166
<u>Balance as of December 31, 2024</u>	\$ 24,517,927

**SCHEDULE OF
WARRANTS
OUTSTANDING (Details)**

	12 Months Ended		
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
	shares	shares	shares
	Segment	Segment	Segment
	\$ / shares	\$ / shares	\$ / shares
<u>IfrsStatementLineItems [Line Items]</u>			
<u>Exercised shares</u>		667,500	
<u>Remaining life in years</u>	5 years	5 years	
<u>Number of december two thousand twenty three warrants [Member]</u>			
<u>IfrsStatementLineItems [Line Items]</u>			
<u>Beginning Balance outstanding at December 31, 2023</u>	2,884,616		
<u>Granted</u>		2,884,616	
<u>Exercised</u>			
<u>Cancelled</u>			
<u>Ending Balance outstanding at December 31, 2022</u>	184,314	2,884,616	
<u>Exercise price at December 31, 2024 \$ / shares</u>	\$ 4.32		
<u>Remaining life in years</u>	3 years 11 months 19 days		
<u>Cancelled</u>			
<u>Number of december two thousand twenty three warrants [Member] March two thousand twenty four reserve split [Member]</u>			
<u>IfrsStatementLineItems [Line Items]</u>			
<u>Exercised</u>			
<u>Adjustment following the 2024 reverse split</u>	(1,785,151)		
<u>Number of december two thousand twenty three warrants [Member] August two thousand twenty four reserve split [Member]</u>			
<u>IfrsStatementLineItems [Line Items]</u>			
<u>Exercised</u>			
<u>Adjustment following the 2024 reverse split</u>	(916,051)		
<u>Number of series a warrants [Member]</u>			
<u>IfrsStatementLineItems [Line Items]</u>			
<u>Beginning Balance outstanding at December 31, 2023</u>			
<u>Granted</u>	134,166.665		
<u>Exercised</u>			
<u>Cancelled</u>			
<u>Ending Balance outstanding at December 31, 2022</u>	7,546		
<u>Exercise price at December 31, 2024 \$ / shares</u>	\$ 7.95		
<u>Remaining life in years</u>	1 year 8 months 12 days		
<u>Cancelled</u>			
<u>Number of series a warrants [Member] March two thousand twenty four reserve split [Member]</u>			

IfrsStatementLineItems [Line Items]

<u>Exercised</u>	(7,020,384)
<u>Adjustment following the 2024 reverse split</u>	(127,101,046)
<u>Number of series a warrants [Member] August two thousand twenty four reserve split [Member]</u>	

IfrsStatementLineItems [Line Items]

<u>Exercised</u>	
<u>Adjustment following the 2024 reverse split</u>	(37,689)
<u>Number of series b warrants [Member]</u>	

IfrsStatementLineItems [Line Items]

<u>Beginning Balance outstanding at December 31, 2023</u>	
<u>Granted</u>	268,333,330
<u>Exercised</u>	
<u>Cancelled</u>	
<u>Ending Balance outstanding at December 31, 2022</u>	3,312,582
<u>Exercise price at December 31, 2024 \$ / shares</u>	\$ 4.89
<u>Remaining life in years</u>	4 years 2 months 12 days

Cancelled

Number of series b warrants [Member] | Number of december two thousand twenty three warrants [Member]

IfrsStatementLineItems [Line Items]

<u>Exercised</u>	(172,766)
<u>Adjustment following the 2024 reverse split</u>	(248,271,760)
<u>Number of series b warrants [Member] August two thousand twenty four reserve split [Member]</u>	

IfrsStatementLineItems [Line Items]

<u>Exercised</u>	(5,299)
<u>Adjustment following the 2024 reverse split</u>	(16,570,923)
<u>Warrants [member]</u>	

IfrsStatementLineItems [Line Items]

<u>Beginning Balance outstanding at December 31, 2023 shares</u>	400,000	400,000
<u>Granted shares</u>		
<u>Exercised shares</u>		
<u>Cancelled shares</u>	400,000	
<u>Ending Balance outstanding at December 31, 2022 shares</u>		400,000
<u>Weighted average exercise price outstanding at December 31, 2023 \$ / shares</u>	\$ 1.30	\$ 1.30
<u>Weighted average exercise price granted \$ / shares</u>		
<u>Weighted average exercise price exercised \$ / shares</u>		
<u>Weighted average exercise price cancelled \$ / shares</u>	\$ 1.30	
<u>Cancelled shares</u>	(400,000)	
<u>Weighted average exercise price ending outstanding at December 31, 2022 \$ / shares</u>		\$ 1.30

DERIVATIVE WARRANTS LIABILITIES (Details Narrative) - CAD (\$)	Oct. 18, 2024	Aug. 27, 2024	Aug. 16, 2024	Mar. 27, 2024	Mar. 15, 2024	Mar. 14, 2024	Mar. 14, 2024	Dec. 21, 2023	Dec. 31, 2024	12 Months Ended
IfrsStatementLineItems [Line Items] Warrants issued								2,884,616		
Stockholders equity reverse stock split description	1-for-17	1:17 reverse stock split	one (1) for seventeen (17) reverse stock split	1:190 reverse stock split	one (1) for one hundred ninety (190) reverse stock split					
Change in fair value of derivative warrants liabilities										\$ 28,866,166
Series A warrants [member] IfrsStatementLineItems [Line Items] Warrants issued							134,166,665			
Price per share					\$ 0.023					
Proceeds from warrants					\$ 7,360,662					
Series B warrants [member] IfrsStatementLineItems [Line Items] Warrants issued							268,333,330			
Price per share					\$ 0.0209					
March 2024 A warrants and B warrants [member] IfrsStatementLineItems [Line Items] Exercise price of warrants		\$ 8.1782		\$ 1.3643						
Conversion of warrants into common stock price per share		31.7		14.21						
December 2023 warrants [member] IfrsStatementLineItems [Line Items] Exercise price of warrants		8.1782		1.3643						
Conversion of warrants into common stock price per share		\$ 31.7		\$ 72.42						
Stockholders equity reverse stock split description		1:17 reverse								

stock
split

[Post reverse split \[member\]](#)

[IfrsStatementLineItems](#)

[\[Line Items\]](#)

[Warrants issued](#)

183,414

[Exercise price of warrants](#)

\$ 8.1782

[Post reverse split \[member\] |](#)

[Series A warrants \[member\]](#)

[IfrsStatementLineItems](#)

[\[Line Items\]](#)

[Warrants issued](#)

41,538

[Post reverse split \[member\] |](#)

[Series B warrants \[member\]](#)

[IfrsStatementLineItems](#)

[\[Line Items\]](#)

[Warrants issued](#)

83,075

**SCHEDULE OF LONG
TERM LOAN (Details) -
CAD (\$)**

**12 Months Ended
Dec. 31, 2024 Dec. 31, 2023**

Notes and other explanatory information [abstract]

<u>Balance, opening</u>	\$ 85,107	\$ 135,971
<u>Addition</u>		
<u>Repayments</u>	(47,818)	(45,350)
<u>Interest expense, accrued</u>	4,848	3,333
<u>Translation difference</u>	(1,368)	(8,847)
<u>Balance, ending</u>	40,769	85,107
<u>Long term loan – current portion</u>	40,769	46,680
<u>Long term loan – non-current portion</u>		\$ 38,427

**SCHEDULE OF
UNDISCOUNTED
REPAYMENTS (Details) -
CAD (\$)**

Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022

[Notes and other explanatory information \[abstract\]](#)

[December 31, 2025](#)

\$ 40,769

[Total](#)

\$ 40,769

\$ 85,107

\$ 135,971

LONG TERM LOAN
(Details Narrative)

12 Months Ended
Dec. 31, 2020 **Dec. 31, 2020**
CAD (\$) **ILS (₪)**

[Notes and other explanatory information \[abstract\]](#)

<u>Principal amount</u>	\$ 182,542	₪ 500,000
<u>Interest rate</u>	1.50%	1.50%
<u>Borrowings maturity, description</u>	September 18, 2025	
<u>Secured bank loans received</u>	\$ 9,127	₪ 25,000

ENHANCED VOTING PREFERENCE SHARES (Details Narrative) - \$ / shares	Oct. 18, 2024	Sep. 20, 2024	Aug. 27, 2024	Aug. 16, 2024	Mar. 27, 2024	Mar. 15, 2024
IfrsStatementLineItems [Line Items]						
Enhanced voting preference shares issued, shares		75,000				
Preference shares votes per share		\$ 50				
Reverse stock split	1-for-17		1:17 reverse stock split	one (1) for seventeen (17) reverse stock split	1:190 reverse stock split	one (1) for one hundred ninety (190) reverse stock split
Post reverse split [member]						
IfrsStatementLineItems [Line Items]						
Enhanced voting preference shares issued, shares		4,412				

**SCHEDULE OF PLAN
ASSET (LIABILITY)
(Details) - CAD (\$)**

Dec. 31, 2024 Dec. 31, 2023

[Notes and other explanatory information \[abstract\]](#)

<u>Defined benefit plan liability</u>	\$ (100,430)	\$ (91,533)
<u>Less: fair value of plan asset or asset ceiling</u>		
<u>Total</u>	\$ (100,430)	\$ (91,533)

**SCHEDULE OF CHANGE
IN THE PRESENT VALUE
OF THE DEFINED
BENEFIT PLAN
LIABILITY (Details) - CAD
(\$)**

12 Months Ended

Dec. 31, 2024 Dec. 31, 2023

[Notes and other explanatory information \[abstract\]](#)

<u>Balance, opening</u>	\$ (91,533)	\$ (86,016)
<u>Interest cost</u>	(5,614)	(4,638)
<u>Current service cost</u>	(5,605)	(5,860)
<u>Actuarial gain (loss) for change of assumptions</u>	9,770	485
<u>Translation differences</u>	(7,448)	4,496
<u>Balance, ending</u>	\$ (100,430)	\$ (91,533)

**SCHEDULE OF MAJOR
ASSUMPTIONS IN
DETERMINING THE
DEFINED BENEFITS
PLAN LIABILITY (Details)**

Dec. 31, 2024 Dec. 31, 2023

[Notes and other explanatory information \[abstract\]](#)

Capitalization rate	3.00%	3.15%
Salary growth rate	0.00%	0.00%
Retirement rate	5.00%	5.00%

**SCHEDULE OF
SENSITIVITY ANALYSIS
(Details) - CAD (\$)**

Dec. 31, 2024 Dec. 31, 2023

Actuarial assumption capitalization rate [member]

IfrsStatementLineItems [Line Items]

<u>Impact of: 1% increase</u>	\$ (4,913)	\$ (4,775)
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<u>1% decrease</u>	5,782	5,720
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Actuarial assumption salary growth rate [member]

IfrsStatementLineItems [Line Items]

<u>Impact of: 1% increase</u>	5,906	5,856
-------------------------------	-------	-------

<u>1% decrease</u>		
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**SCHEDULE OF
SENSITIVITY ANALYSIS
(Details) (Parenthetical)**

Dec. 31, 2024 Dec. 31, 2023

IfrsStatementLineItems [Line Items]

Capitalization rate increase 3.00% 3.15%

Salary growth rate increase 0.00% 0.00%

Actuarial assumption capitalization rate [member]

IfrsStatementLineItems [Line Items]

Capitalization rate increase 1.00%

Capitalization rate decrease 1.00%

Actuarial assumption salary growth rate [member]

IfrsStatementLineItems [Line Items]

Salary growth rate increase 1.00%

Salary growth rate decrease 1.00%

EMPLOYEE BENEFITS
(Details Narrative)

Dec. 31, 2024 Dec. 31, 2023

Notes and other explanatory information [abstract]

<u>Actuarial assumption of expected rates of inflation</u>	1.00%	1.00%
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**SCHEDULE OF FAIR
VALUE OF DERIVATIVE
LIABILITY (Details) - \$ /
shares**

12 Months Ended

May 27, 2024 Dec. 31, 2024 Dec. 31, 2023

IfrsStatementLineItems [Line Items]

<u>Weighted average fair value of derivative</u>	\$ 0.57	\$ 1.61
<u>Risk-free interest rate</u>	3.40%	3.76%
<u>Estimated life (in years)</u>	5 years	5 years
<u>Expected volatility</u>	108.75%	100.64%
<u>Expected dividend yield</u>	0.00%	0.00%

Derivatives [member]

IfrsStatementLineItems [Line Items]

<u>Weighted average fair value of derivative</u>	\$ 0.50	\$ 0.59
<u>Risk-free interest rate</u>	4.12%	2.93%
<u>Estimated life (in years)</u>	3 years	2 years 5 months 1 day
<u>Expected volatility</u>	110.01%	107.47%
<u>Expected dividend yield</u>	0.00%	0.00%

**SCHEDULE OF CHANGES
IN DERIVATIVE
LIABILITY (Details) - CAD
(\$)**

12 Months Ended

Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022

Derivative For Settlement Agreement

Beginning balance, derivative liability

Issuance of derivative 308,862

Changes in fair value of derivative 69,955

Ending balance, derivative liability \$ 378,817

**SCHEDULE OF STOCK
OPTIONS OUTSTANDING
(Details)**

	Sep. 20, 2022 shares	May 03, 2022 shares	12 Months Ended		
			Dec. 31, 2024 shares \$ / shares	Dec. 31, 2023 shares \$ / shares	Dec. 31, 2022 shares \$ / shares
IfrsStatementLineItems [Line Items]					
Exercised during the period	(140,000)	(150,000)			
Share options [member]					
IfrsStatementLineItems [Line Items]					
Number of options, outstanding, beginning			221	190	277
Weighted average exercise price, beginning \$ / shares			\$ 4,862.8	\$ 4,554.3	\$ 3,746.8
Granted during the period			201	31	3
Weighted average exercise price, granted \$ / shares			\$ 2,308.2	\$ 6,844.4	\$ 20,026
Exercised during the period					(90)
Weighted average exercise price, exercised \$ / shares					\$ 2,648.6
Cancelled during the period			(422)		
Weighted average exercise price, cancelled \$ / shares			\$ 3,646		
Number of options, outstanding, ending				221	190
Weighted average exercise price, outstanding, ending \$ / shares				\$ 4,862.8	\$ 4,554.3
Number of options, exercisable, ending					
Weighted average exercise price, exercisable, ending \$ / shares					

**SCHEDULE OF
WEIGHTED AVERAGE
ASSUMPTIONS (Details) - \$
/ shares**

12 Months Ended

Dec. 31, 2024 Dec. 31, 2023

<u>Weighted average fair value of options granted</u>	\$ 0.57	\$ 1.61
<u>Risk free interest rate</u>	3.40%	3.76%
<u>Estimated life (in years)</u>	5 years	5 years
<u>Expected volatility</u>	108.75%	100.64%
<u>Expected dividend yield</u>	0.00%	0.00%

[Number of shares issued](#)
[Exercise price: \\$7/shares](#)

5,299
\$ 8.1782

**SCHEDULE OF TRADE
RECEIVABLES (Details) -
CAD (\$)**

Dec. 31, 2024 Dec. 31, 2023

[IfrsStatementLineItems \[Line Items\]](#)

Trade receivables	\$ 113,422	\$ 119,094
Not later than one month [member]		

[IfrsStatementLineItems \[Line Items\]](#)

Trade receivables	46,559	61,046
Later than one month and not later than two months [member]		

[IfrsStatementLineItems \[Line Items\]](#)

Trade receivables	41,808	58,048
Later than two months and not later than three months [member]		

[IfrsStatementLineItems \[Line Items\]](#)

Trade receivables	\$ 25,055	
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**SCHEDULE OF
FINANCIAL LIABILITIES
(Details) - CAD (\$)**

Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022

IfrsStatementLineItems [Line Items]

<u>Trade payables (Note 8)</u>	\$ 322,235	\$ 157,705	
<u>Long term loan and unpaid interest (Note 11)</u>	40,769	85,107	\$ 135,971
<u>Financial liabilities</u>	363,004	242,812	

Not later than one year [member]

IfrsStatementLineItems [Line Items]

<u>Trade payables (Note 8)</u>	322,235	157,705	
<u>Long term loan and unpaid interest (Note 11)</u>	40,769	46,680	
<u>Financial liabilities</u>	363,004	204,385	

Later than one year and not later than two years [member]

IfrsStatementLineItems [Line Items]

<u>Trade payables (Note 8)</u>			
<u>Long term loan and unpaid interest (Note 11)</u>		38,427	
<u>Financial liabilities</u>		38,427	

Later than two years and not later than three years [member]

IfrsStatementLineItems [Line Items]

<u>Trade payables (Note 8)</u>			
<u>Long term loan and unpaid interest (Note 11)</u>			
<u>Financial liabilities</u>			
<u>Later than three years and not later than four years [member]</u>			

IfrsStatementLineItems [Line Items]

<u>Trade payables (Note 8)</u>			
<u>Long term loan and unpaid interest (Note 11)</u>			
<u>Financial liabilities</u>			

Later than five years [member]

IfrsStatementLineItems [Line Items]

<u>Trade payables (Note 8)</u>			
<u>Long term loan and unpaid interest (Note 11)</u>			
<u>Financial liabilities</u>			

**SCHEDULE OF CHANGES
IN FAIR VALUE (Details) -
USD (\$)**

**12 Months Ended
Dec. 31, 2024 Dec. 31, 2023**

Disclosure of detailed information about financial instruments [abstract]

<u>Change in exchange rate increase</u>	5.00%	5.00%
<u>Impact on pre-tax profit increase</u>	\$ (221,050)	\$ (140,221)
<u>Change in exchange rate decrease</u>	5.00%	5.00%
<u>Impact on pre-tax profit decrease</u>	\$ 221,050	\$ 140,221

**FINANCIAL
INSTRUMENTS (Details
Narrative)**

12 Months Ended			
Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
CAD (\$)	CAD (\$)	USD (\$)	USD (\$)

[**Disclosure of detailed information about financial instruments \[abstract\]**](#)

[Impairment loss](#)

[Surplus](#)

		\$	\$
		4,421,006	2,804,422

**SCHEDULE OF REVENUE
FROM SOURCES (Details) -
CAD (\$)**

12 Months Ended

Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022

IfrsStatementLineItems [Line Items]

Revenue \$ 998,839 \$ 1,076,861 \$ 1,123,072

Others 12,293 10,933 9,363

Software development revenue [member]

IfrsStatementLineItems [Line Items]

Revenue 727,073 758,307 761,166

Software licensing revenue [member]

IfrsStatementLineItems [Line Items]

Revenue 165,410 200,593 213,749

Software support revenue [member]

IfrsStatementLineItems [Line Items]

Revenue 45,513 47,102 71,460

Cloud hosting revenue [member]

IfrsStatementLineItems [Line Items]

Revenue \$ 48,550 \$ 59,926 \$ 67,334

**SCHEDULE OF REVENUE
UNDER TIMING (Details) -
CAD (\$)**

12 Months Ended

Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022

[IfrsStatementLineItems \[Line Items\]](#)

[Revenue](#) \$ 998,839 \$ 1,076,861 \$ 1,123,072

[Revenue transferred over time \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Revenue](#) 833,429 876,268 909,323

[Revenue transferred at point in time \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

[Revenue](#) \$ 165,410 \$ 200,593 \$ 213,749

**SCHEDULE OF
DEFERRED REVENUE
(Details) - CAD (\$)**

**12 Months Ended
Dec. 31, 2024 Dec. 31, 2023**

[Notes and other explanatory information \[abstract\]](#)

<u>Deferred revenue, beginning</u>	\$ 131,794	\$ 219,068
<u>Customer payments received attributable to contract liabilities for unearned revenue</u>	141,126	158,711
<u>Revenue recognized from fulfilling contract liabilities</u>	(132,832)	(245,985)
<u>Deferred revenue, ending</u>	\$ 140,088	\$ 131,794

**SCHEDULE OF COST OF
REVENUE (Details) - CAD
(\$)**

**12 Months Ended
Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022**

Notes and other explanatory information [abstract]

<u>Salaries and benefits</u>	\$ 641,547	\$ 636,497	\$ 510,615
<u>Subcontractors expense (recovery)</u>	168,067	366	(16,317)
<u>Software and other</u>	37,339	39,944	9,804
<u>Depreciation</u>	1,184	1,498	2,398
<u>Cost of revenue</u>	\$ 848,137	\$ 678,305	\$ 506,500

**REVENUE AND
DEFERRED REVENUE**
(Details Narrative)

12 Months Ended
Dec. 31, 2024 Dec. 31, 2023 Dec. 31, 2022

[Customer one \[member\]](#)

[IfrsStatementLineItems \[Line Items\]](#)

Revenue percentage	67.00%	82.00%	83.00%
------------------------------------	--------	--------	--------

**SCHEDULE OF
RECONCILIATION OF
INCOME TAXES AT
STATUTORY TAXES
(Details) - CAD (\$)**

12 Months Ended

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2018
<u>Notes and other explanatory information</u>				
<u>[abstract]</u>				
<u>Income (loss) before tax</u>	\$ (47,588,970)	\$ (18,466,962)	\$ (1,658,404)	
<u>Income tax rate</u>	27.00%	27.00%	27.00%	23.00%
<u>Expected income expense (recovery)</u>	\$ (12,851,939)	\$ (4,889,258)	\$ (460,055)	
<u>Permanent differences</u>	8,738,305	971	(216,957)	
<u>Prior years reassessment of tax expense</u>				
<u>Change in unrecognized deferred assets</u>	1,907	(20,073)	43,428	
<u>Change in valuation allowance</u>	4,085,102	4,600,864	542,633	
<u>Other</u>	27,912	335,655	97,231	
<u>Total income tax expense</u>	1,287	28,159	6,280	
<u>Current income tax</u>	1,287	28,159	6,280	
<u>Deferred income tax</u>				

**SCHEDULE OF
TEMPORARY
DIFFERENCES OF
DEFERRED TAX ASSETS
AND LIABILITIES (Details)
- CAD (\$)**

Dec. 31, 2024 Dec. 31, 2023

IfrsStatementLineItems [Line Items]

Non-capital loss carry forwards \$ 9,330,761 \$ 5,245,659

Valuation allowance (9,330,761) (5,245,659)

Net deferred tax assets

Canada [Member]

IfrsStatementLineItems [Line Items]

Non-capital loss carry forwards 9,330,761 5,245,659

Israel country [member]

IfrsStatementLineItems [Line Items]

Non-capital loss carry forwards

**INCOME TAXES (Details
Narrative) - CAD (\$)**

12 Months Ended
Dec. 31, Dec. 31, Dec. 31, Dec. 31,
2024 2023 2022 2018

IfrsStatementLineItems [Line Items]

Income tax rate

27.00% 27.00% 27.00% 23.00%

Non-capital losses available to offset future year taxable income

Canada [Member]

IfrsStatementLineItems [Line Items]

Non-capital losses available to offset future year taxable income

\$
33,353,994

gross proceeds from the offering. Aegis will also receive a fee of 10.0% of the proceeds from the cash exercise of any warrants currently outstanding or issued in the Placement, payable on exercise

Adjusted warrants exercise price per share \$ / shares	\$ 0.76
Shares issuable upon exercise of warrants	123,253,146
Purchase and sale of institutional investors \$	\$ 17.0
Pre-funded and investor warrants price per share \$ / shares	\$ 4.17
Offering price per share \$ / shares	\$ 4.17
Pre funded unit offering price per share \$ / shares	4.16999
Pre funded warrants exercise price per share \$ / shares	0.00001
Events occurring after reporting date [member] Series B warrants [member]	
IfrsStatementLineItems [Line Items]	
Warrants exercise price per share \$ / shares	\$ 12.51
Warrants expiration period	30 months
Events occurring after reporting date [member] Series A warrants [member]	
IfrsStatementLineItems [Line Items]	
Warrants exercise price per share \$ / shares	\$ 5.21
Warrants expiration period	60 months
Events occurring after reporting date [member] Old Warrants [member]	
IfrsStatementLineItems [Line Items]	
Warrants issued	2,495,933
Events occurring after reporting date [member] New Warrants [member]	
IfrsStatementLineItems [Line Items]	
Warrants converted	2,495,933
Events occurring after reporting date [member] 	

[Subordinate voting shares](#)
[\[member\]](#)

[IfrsStatementLineItems](#)
[\[Line Items\]](#)

[Number of shares issued](#) 2,065,120

[Events occurring after](#)
[reporting date \[member\]](#)

[Subordinate voting shares](#)
[\[member\]](#) | [Series B warrants](#)
[\[member\]](#)

[IfrsStatementLineItems](#)
[\[Line Items\]](#)

[Number of shares issued](#) 4,000 188,000 8,808 2,767

[Events occurring after](#)
[reporting date \[member\]](#)

[Subordinate voting shares](#)
[\[member\]](#) | [Series A warrants](#)
[\[member\]](#)

[IfrsStatementLineItems](#)
[\[Line Items\]](#)

[Number of shares issued](#) 2,462

1. Introduction
2. Literature Review
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study, including a comparison of the different methods and techniques used. It discusses the strengths and weaknesses of each approach and provides a summary of the findings.

4. The fourth part of the document discusses the implications of the study and provides recommendations for future research. It highlights the need for further investigation into the effectiveness of the different methods and techniques used.

5. The fifth part of the document concludes the study and provides a final summary of the findings. It emphasizes the importance of maintaining accurate records and the need for transparency and accountability in financial reporting.

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3. The third part of the document presents the results of the study, showing the trends and patterns observed in the data. It includes several tables and graphs to illustrate the findings.

4. The fourth part of the document discusses the implications of the results and the potential applications of the findings. It highlights the significance of the study and the need for further research in this area.

5. The fifth part of the document provides a conclusion and a summary of the key points discussed throughout the document. It also includes a list of references and a bibliography.

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3. The third part of the document presents the findings of the study. It shows that there is a significant correlation between the variables being studied, and that the results are consistent across different groups and time periods.

4. The fourth part of the document discusses the implications of the findings and offers suggestions for further research. It highlights the need for continued monitoring and evaluation of the system to ensure its effectiveness and efficiency.

5. The fifth part of the document provides a summary of the key points and conclusions. It reiterates the importance of accurate record-keeping and the need for ongoing research and improvement in the field.

1. Introduction
2. Background
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index
11. Bibliography
12. List of Figures
13. List of Tables
14. Acknowledgments
15. Author Biographies
16. Declaration of Interest
17. Funding Information
18. Correspondence
19. Contact Information
20. Copyright Notice
21. Disclaimer
22. Terms and Conditions
23. Privacy Policy
24. Cookie Policy
25. User Agreement
26. Privacy Notice
27. Terms of Service
28. Privacy Statement
29. Data Protection Policy
30. Security Policy
31. Accessibility Policy
32. Environmental Policy
33. Sustainability Policy
34. Diversity and Inclusion Policy
35. Code of Conduct
36. Whistleblower Policy
37. Anti-Bribery Policy
38. Anti-Money Laundering Policy
39. Anti-Corruption Policy
40. Anti-Fraud Policy
41. Anti-Terrorism Policy
42. Anti-Smuggling Policy
43. Anti-Counterfeit Policy
44. Anti-Counterfeiting Policy
45. Anti-Counterfeits Policy
46. Anti-Counterfeiting Policy
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50. Anti-Counterfeiting Policy

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4. The fourth part of the document discusses the implications of the findings for future research and practice. It suggests that the results of this study could be used to inform policy decisions and to guide the development of new programs and initiatives.

5. The fifth part of the document concludes the study and provides a final summary of the key findings. It reiterates the importance of the research and the need for continued efforts to improve the quality of data collection and analysis.

1. Introduction
2. Background
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index

1. Introduction
2. Background
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index
11. Bibliography
12. List of Figures
13. List of Tables
14. Acknowledgments
15. Author Biographies
16. Declaration of Interest
17. Funding Information
18. Correspondence
19. Contact Information
20. Copyright Notice
21. Disclaimer
22. Terms and Conditions
23. Privacy Policy
24. Cookie Policy
25. Accessibility Statement
26. Open Access Statement
27. Peer Review Statement
28. Data Availability Statement
29. Conflicts of Interest
30. Ethics Statement
31. Institutional Review Board
32. Informed Consent
33. Data Protection
34. Security Measures
35. Quality Assurance
36. Compliance
37. Regulatory Requirements
38. Standards
39. Guidelines
40. Best Practices
41. Recommendations
42. Future Research
43. Limitations
44. Strengths
45. Weaknesses
46. Opportunities
47. Threats
48. Risks
49. Mitigation Strategies
50. Conclusion

1. Introduction
2. Literature Review
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index

Item No.	Description	Quantity	Unit	Rate	Total
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
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28
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30
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32
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43
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62
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64
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68
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70
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80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

1. Introduction
2. Literature Review
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index

1. Introduction
2. Background
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index

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4. The fourth part of the document discusses the limitations of the study and the potential areas for future research. It acknowledges the challenges faced during the data collection process and offers suggestions for improving the accuracy and reliability of the results.

5. The fifth part of the document provides a conclusion and a summary of the main points. It reiterates the significance of the findings and the need for continued research in this area.

6. The sixth part of the document includes a list of references and a bibliography. It cites the various sources of information used in the study, including academic journals, books, and industry reports.

7. The seventh part of the document contains a list of appendices and supplementary materials. These include detailed data tables, charts, and graphs that provide further insight into the study's findings.

8. The eighth part of the document includes a list of figures and tables. These visual aids are used to present complex data in a more accessible and understandable format.

9. The ninth part of the document contains a list of footnotes and endnotes. These provide additional information and clarification on specific points mentioned in the main text.

10. The tenth part of the document includes a list of acknowledgments and a thank you note. It expresses appreciation to the individuals and organizations that provided support and assistance throughout the course of the study.

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1. Introduction
2. Background
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Acknowledgments
11. Author Biographies
12. Contact Information
13. Declaration of Interest
14. Funding Sources
15. Data Availability Statement
16. Ethics Approval
17. Conflicts of Interest
18. Supplementary Materials
19. Correspondence
20. Received Date
21. Accepted Date
22. Published Date
23. Copyright
24. License
25. Terms and Conditions
26. Privacy Policy
27. Disclaimer
28. Warranties
29. Limitations
30. Exclusions
31. Indemnification
32. Force Majeure
33. Assignment
34. Severability
35. Entire Agreement
36. Governing Law
37. Dispute Resolution
38. Notices
39. Amendments
40. Revisions
41. Updates
42. Changes
43. Modifications
44. Alterations
45. Amendments
46. Revisions
47. Updates
48. Changes
49. Modifications
50. Alterations

Section 1
Title
Date

Section 2
Title
Date

Section 3
Title
Date

Section 4
Title
Date

Section 5
Title
Date

Section 6
Title
Date

Section 7
Title
Date

Section 8
Title
Date

Section 9
Title
Date

Section 10
Title
Date

Section 11
Title
Date

Section 12
Title
Date

Section 13
Title
Date

Section 14
Title
Date

Section 15
Title
Date

Section 16
Title
Date

Section 17
Title
Date

Section 18
Title
Date

Section 19
Title
Date

Section 20
Title
Date

Section 21
Title
Date

Section 22
Title
Date

Section 23
Title
Date

Section 24
Title
Date

Section 25
Title
Date

Section 26
Title
Date

Section 27
Title
Date

Section 28
Title
Date

Section 29
Title
Date

Section 30
Title
Date

1. Introduction
2. Literature Review
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index

1. Introduction
2. Background
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index
11. Bibliography
12. List of Figures
13. List of Tables
14. Acknowledgments
15. Author Biographies
16. Declaration of Interest
17. Funding Information
18. Correspondence
19. Contact Information
20. Disclaimer
21. Copyright
22. Terms and Conditions
23. Privacy Policy
24. About Us
25. Mission Statement
26. Vision Statement
27. Core Values
28. History
29. Leadership
30. Board of Directors
31. Board of Advisors
32. Board of Trustees
33. Board of Regents
34. Board of Governors
35. Board of Directors
36. Board of Directors
37. Board of Directors
38. Board of Directors
39. Board of Directors
40. Board of Directors
41. Board of Directors
42. Board of Directors
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87. Board of Directors
88. Board of Directors
89. Board of Directors
90. Board of Directors
91. Board of Directors
92. Board of Directors
93. Board of Directors
94. Board of Directors
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96. Board of Directors
97. Board of Directors
98. Board of Directors
99. Board of Directors
100. Board of Directors

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2. The second part of the document contains a series of numbered entries, likely corresponding to the list of names and titles. These entries are organized into a structured format, possibly a table or a list of items. Each entry appears to have a unique identifier or number, and the text following the number is likely a description or reference related to the entry. The text is again small and dense, but the overall structure suggests a systematic listing of information.

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1. Introduction
2. Background
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Acknowledgments
11. Author Biographies
12. Contact Information
13. Declaration of Interest
14. Funding Sources
15. Data Availability Statement
16. Ethics Approval
17. Conflicts of Interest
18. Supplementary Materials
19. Correspondence
20. Copyright
21. Publishing Information
22. Distribution Rights
23. Reprints and Permissions
24. Cite This Article
25. Table of Contents
26. Index
27. Subject Headings
28. Keywords
29. Abstract
30. Summary
31. Objectives
32. Methods
33. Results
34. Conclusions
35. Limitations
36. Future Research
37. Implications
38. Recommendations
39. Policy Implications
40. Practical Applications
41. Theoretical Contributions
42. Societal Impact
43. Environmental Impact
44. Economic Impact
45. Cultural Impact
46. Educational Impact
47. Health Impact
48. Social Impact
49. Technological Impact
50. Environmental Sustainability
51. Social Justice
52. Human Rights
53. Gender Equality
54. Diversity and Inclusion
55. Accessibility
56. Transparency
57. Accountability
58. Integrity
59. Honesty
60. Fairness
61. Equity
62. Justice
63. Compassion
64. Empathy
65. Respect
66. Tolerance
67. Open-mindedness
68. Curiosity
69. Creativity
70. Innovation
71. Leadership
72. Teamwork
73. Collaboration
74. Communication
75. Problem Solving
76. Decision Making
77. Critical Thinking
78. Analytical Skills
79. Logical Reasoning
80. Mathematical Proficiency
81. Language Proficiency
82. Writing Skills
83. Reading Comprehension
84. Listening Skills
85. Speaking Skills
86. Cultural Awareness
87. Global Perspective
88. Intercultural Competence
89. Digital Literacy
90. Information Literacy
91. Media Literacy
92. Financial Literacy
93. Civic Literacy
94. Environmental Literacy
95. Health Literacy
96. Career Literacy
97. Entrepreneurial Skills
98. Project Management
99. Time Management
100. Stress Management
101. Emotional Regulation
102. Self-awareness
103. Self-efficacy
104. Resilience
105. Growth Mindset
106. Lifelong Learning
107. Continuous Improvement
108. Adaptability
109. Flexibility
110. Openness to Experience
111. Conscientiousness
112. Neuroticism
113. Extraversion
114. Agreeableness
115. Openness to Experience
116. Personality Traits
117. Values
118. Beliefs
119. Attitudes
120. Opinions
121. Preferences
122. Interests
123. Hobbies
124. Passions
125. Dreams
126. Aspirations
127. Goals
128. Objectives
129. Vision
130. Mission
131. Purpose
132. Meaning
133. Fulfillment
134. Well-being
135. Happiness
136. Life Satisfaction
137. Quality of Life
138. Mental Health
139. Physical Health
140. Overall Health
141. Longevity
142. Aging
143. Gerontology
144. Geriatrics
145. Palliative Care
146. End-of-life Care
147. Bereavement
148. Grief
149. Mourning
150. Loss
151. Trauma
152. PTSD
153. Anxiety
154. Depression
155. Bipolar Disorder
156. Schizophrenia
157. Personality Disorders
158. Substance Use
159. Addiction
160. Recovery
161. Rehabilitation
162. Therapy
163. Counseling
164. Coaching
165. Support Groups
166. Peer Support
167. Family Support
168. Community Support
169. Professional Support
170. Self-help
171. Mindfulness
172. Meditation
173. Yoga
174. Tai Chi
175. Pilates
176. Exercise
177. Physical Activity
178. Nutrition
179. Diet
180. Food
181. Eating Habits
182. Sleep
183. Sleep Hygiene
184. Circadian Rhythm
185. Time Management
186. Productivity
187. Efficiency
188. Effectiveness
189. Performance
190. Achievement
191. Success
192. Fulfillment
193. Satisfaction
194. Contentment
195. Gratitude
196. Positivity
197. Optimism
198. Hope
199. Faith
200. Spirituality
201. Religion
202. Faith
203. Beliefs
204. Values
205. Ethics
206. Morality
207. Integrity
208. Honesty
209. Fairness
210. Justice
211. Compassion
212. Empathy
213. Respect
214. Tolerance
215. Open-mindedness
216. Curiosity
217. Creativity
218. Innovation
219. Leadership
220. Teamwork
221. Collaboration
222. Communication
223. Problem Solving
224. Decision Making
225. Critical Thinking
226. Analytical Skills
227. Logical Reasoning
228. Mathematical Proficiency
229. Language Proficiency
230. Writing Skills
231. Reading Comprehension
232. Listening Skills
233. Speaking Skills
234. Cultural Awareness
235. Global Perspective
236. Intercultural Competence
237. Digital Literacy
238. Information Literacy
239. Media Literacy
240. Financial Literacy
241. Civic Literacy
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1447. Openness to Experience
1448. Personality Traits
1449. Values
1450. Beliefs
1451. Attitudes
1452. Opinions
1453. Preferences
1454. Interests
1455. Hobbies
1456. Passions
1457. Dreams
1458. Aspirations
1459. Goals
1460. Objectives
1461. Vision
1462. Mission
1463. Purpose
1464. Meaning
1465. Fulfillment
1466. Well-being
1467. Happiness
1468. Life Satisfaction
1469. Quality of Life
1470. Mental Health
1471. Physical Health
1472. Overall Health
1473. Longevity
1474. Aging
1475. Gerontology
1476. Geriatrics
1477. Palliative Care
1478. End-of-life Care
1479. Bereavement
1480. Grief
1481. Mourning
1482. Loss
1483. Trauma
1484. PTSD
1485. Anxiety
1486. Depression
1487. Bipolar Disorder
1488. Schizophrenia
1489. Personality Disorders
1490. Substance Use
149

1. Introduction
2. Background
3. Methodology
4. Results
5. Discussion
6. Conclusion
7. References
8. Appendix
9. Glossary
10. Index

Page 1 of 100
Section 1
Section 2
Section 3
Section 4
Section 5
Section 6
Section 7
Section 8
Section 9
Section 10
Section 11
Section 12
Section 13
Section 14
Section 15
Section 16
Section 17
Section 18
Section 19
Section 20
Section 21
Section 22
Section 23
Section 24
Section 25
Section 26
Section 27
Section 28
Section 29
Section 30
Section 31
Section 32
Section 33
Section 34
Section 35
Section 36
Section 37
Section 38
Section 39
Section 40
Section 41
Section 42
Section 43
Section 44
Section 45
Section 46
Section 47
Section 48
Section 49
Section 50
Section 51
Section 52
Section 53
Section 54
Section 55
Section 56
Section 57
Section 58
Section 59
Section 60
Section 61
Section 62
Section 63
Section 64
Section 65
Section 66
Section 67
Section 68
Section 69
Section 70
Section 71
Section 72
Section 73
Section 74
Section 75
Section 76
Section 77
Section 78
Section 79
Section 80
Section 81
Section 82
Section 83
Section 84
Section 85
Section 86
Section 87
Section 88
Section 89
Section 90
Section 91
Section 92
Section 93
Section 94
Section 95
Section 96
Section 97
Section 98
Section 99
Section 100

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the tools used for data collection.

3. The third part of the document presents the results of the study, including a comparison of the different methods and techniques used. It discusses the strengths and weaknesses of each method and provides a summary of the findings.

4. The fourth part of the document discusses the implications of the study and provides recommendations for future research. It highlights the need for further investigation into the effectiveness of the different methods and techniques used.

5. The fifth part of the document concludes the study and provides a final summary of the findings. It emphasizes the importance of maintaining accurate records and the need for transparency and accountability in financial reporting.

Table-Of-Contents

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5. The fifth part of the document concludes the study and provides a summary of the key findings. It also includes a list of references and a bibliography of the sources used in the research.

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