INNOCAN PHARMA CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

INNOCAN PHARMA CORPORATION

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Independent Auditor's Report

To the shareholders and the Board of Directors of
Innocan Pharma Corporation

Opinion

We have audited the consolidated financial statements of Innocan Pharma Corporation (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 28, 2024.

Material Uncertainty related to Going Concern

We draw attention to Note 1.7 in the financial statements, which indicates that the Company had a negative cash flow from operation of $1,572 thousand during the year ended December 31, 2024 and, as of that date, the Company generated $35,152 thousand of accumulated deficit. As stated in Note 1.7, these events or conditions, along with other matters as set forth in Note 1.7, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Dan Lewkowicz.

Brightman Almagor Zohar & Co.
Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, Israel
March 31, 2025

INNOCAN PHARMA CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(US Dollar in thousands)

	Note	December 31, 2024	December 31, 2023
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	4	5,008	3,885
Trade accounts receivable		-	17
Inventories	5	3,317	1,747
Other current assets	6	822	1,155
Total current assets		9,147	6,804
NON-CURRENT ASSETS:			
Property and equipment, net		91	92
Right-of-use asset, net		22	44
Total non-current assets		113	136
TOTAL ASSETS		9,260	6,940

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(US Dollar in thousands)

	Note	December 31, 2024	December 31, 2023
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade accounts payable		185	112
Other accounts payable	7	488	485
Warrants	8	1,565	1,946
Total current liabilities		2,238	2,543
NON-CURRENT LIABILITIES:			
Long term lease liability		-	11
Total non-current liabilities		-	11
SHAREHOLDERS' EQUITY:	9		
Additional paid in capital		40,075	37,177
Accumulated deficit		(34,908)	(33,074)
Equity attributable to owners of the parent		5,167	4,103
Non-controlling interest		1,855	283
Total shareholders' equity		7,022	4,386
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,260	6,940

(s) "Nelson Halpern"	(s) "Iris Bincovich"	(s) "Peter Bloch"	March 31, 2025
Nelson Halpern Chief Financial Officer	Iris Bincovich Chief Executive Officer	Peter Bloch Audit Committee Chair	Date of approval of the Financial statements

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

INNOCAN PHARMA CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(US Dollar in thousands, except for share and per share amounts)

	Note	Year ended December 31, 2024	Year ended December 31, 2023
Revenues	10	29,437	13,657
Cost of revenues	11	3,250	1,679
Gross profit		26,187	11,978
Selling, marketing and distribution expenses	12	21,767	10,907
Research and development expenses	13	1,549	1,796
General and administrative expenses	14	4,118	3,078
Operating loss		1,247	3,803
Financial income	15	2,215	31
Financial expenses	16	49	262
Financial income (expenses), net		2,166	(231)
Profit (loss) before income taxes		919	(4,034)
Tax expenses	17	1,181	214
Total comprehensive loss for the year		262	4,248
Total comprehensive profit (loss) for the year attributed to:			
Owners of the parent		(1,834)	(4,700)
Non-controlling interest		1,572	452
		(262)	(4,248)
Basic and diluted loss per share	20	$0.01	$0.02
Weighted average number of common shares		280,040,842	257,003,775

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(US Dollar in thousands)

	Owners of the parent				
	Share capital	**Additional paid in capital**	**Accumulated deficit**	**Non-controlling interest**	**Total**
Balance as of December 31, 2022	-	34,768	(28,374)	(169)	6,225
Changes during 2023:					
Issuance of common shares, net	-	1,555	-	-	1,555
Share based compensation	-	854	-	-	854
Total comprehensive profit (loss) for the year	-	-	(4,700)	452	(4,248)
Balance as of December 31, 2023	-	37,177	(33,074)	283	4,386
Changes during 2024:					
Issuance of common shares, net	-	891	-	-	891
Share based compensation	-	2,007	-	-	2,007
Total comprehensive loss for the year	-	-	(1,834)	1,572	(262)
Balance as of December 31, 2024	-	40,075	(34,908)	1,855	7,022

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(US Dollar in thousands)

	Year ended December 31, 2024	Year ended December 31, 2023
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Total comprehensive loss for the year	(262)	(4,248)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	35	33
Share based compensation	2,007	854
Change in fair value of warrants	(2,215)	258
Decrease (increase) in trade accounts receivable	17	(2)
Increase in inventories	(1,570)	(616)
Decrease (increase) in other current assets	264	(336)
Increase in trade accounts payable	72	17
Increase in other accounts payable	14	144
Financial expenses (income), net	59	(8)
Net cash used in operating activities	(1,579)	(3,904)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Purchase of property and equipment	(15)	(46)
Deposit for new lease agreement	-	(7)
Change in restricted deposits	69	(31)
Net cash from (used in) investing activities	54	(84)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common shares, net	891	1,555
Issuance of warrants	1,835	1,384
Exercise of warrants and options	-	-
Principal paid on lease liabilities	(22)	(22)
Net cash provided by financing activities	2,704	2,917
Effects of exchange rate changes on cash and cash equivalents	(56)	9
Net increase (decrease) in cash and cash equivalents	1,123	(1,062)
Cash and cash equivalents at the beginning of the year	3,885	4,947
Cash and cash equivalents at the end of the year	5,008	3,885

The accompanying notes are an integral part of the financial statements.

NOTE 1 - GENERAL:

1. Innocan Pharma Corporation (the “Company”) was incorporated as a corporation in Canada and commenced its operations in May 2018. The Company’s registered office is in Calgary, Canada.

2. The Company is a publicly listed company on the Canadian Securities Exchange (the "CSE") trading under the symbol INNO and is the parent company of Innocan Pharma Ltd. (“Innocan”) that was incorporated in Israel in October 2017 and commenced its operations in November 2017. Innocan developed a CBD-loaded liposome drug delivery platform with exact dosing, prolonged and controlled release of synthetic CBD for non-opioid pain management. The LPT delivery platform research is in the preclinical trial phase for chronic pain management. Innocan is at a pre-clinical stage and is expected to conduct activities mainly in the United States (US), Canadian and European (EU) markets. The Company also develops and markets self-care products to promote a healthier lifestyle.

3. On May 26, 2021, Innocan entered into a founder's agreement with Brandzon Co Ltd. (the "Brandzon"), to establish a joint company, B.I. Sky Global Ltd. (the "Sky Global") which engages in development, manufacture and marketing of cosmetic products. Innocan holds 60% of Sky Global's shares, while Brandzon holds the remaining 40% of Sky Global's shares. Sky Global was incorporated in Israel on June 6, 2021. The Company consolidates Sky Global in the financial statements commencing on the date of establishment.

4. On May 5, 2021, Innocan Pharma UK Ltd. (the "Innocan UK") was established, as a management and financial services supplier of Innocan in the European market, regarding the sales of its CBD cosmetic products. Innocan holds 100% of Innocan UK's shares. The Company consolidates Innocan UK in the financial statements commencing on the date of establishment. During 2022 and 2023, Innocan UK had no activities. On August 13, 2024, Innocan UK was dissolved.

5. The Company, Innocan, Innocan UK and Sky Global are referred in the financial statements as the Group.

NOTE 1 - GENERAL (CONT.):

6. In October 2023, Hamas terrorists infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel’s border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel’s security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks.

   In addition, since the commencement of these events, there have been continued hostilities along Israel’s northern border with Lebanon (with the Hezbollah terror organization) and on other fronts from various extremist groups in the region, such as the Houthis in Yemen and various rebel militia groups in Syria and Iraq. Israel has carried out a number of targeted strikes on sites belonging to these terror organizations. In October 2024, Israel began limited ground operations against Hezbollah in Lebanon, and in November 2024, a ceasefire was brokered between Israel and Hezbollah. In addition, Iran recently launched direct attacks on Israel involving hundreds of drones and missiles and has threatened to continue to attack Israel and is widely believed to be developing nuclear weapons. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza, Hezbollah in Lebanon, the Houthi movement in Yemen and various rebel militia groups in Syria and Iraq. Such clashes may escalate in the future into a greater regional conflict.

   Since the war broke out on October 7, 2023, the Group’s operations have not been adversely affected by this situation, and the Group has not experienced disruptions to its business operations. As such, the Group’s product and business development activities remain on track. However, the intensity and duration of Israel’s current war against Hamas is difficult to predict at this stage, as are such war’s economic implications on the Group’s business and operations and on Israel’s economy in general. If the war extends for a long period of time or expands to other fronts, such as Lebanon, Syria and the West Bank, the Group’s operations may be adversely affected.

   The Group continues to assess the effects of the state of war on its financial statements and business.

NOTE 1 - GENERAL (CONT.):

7. Going concern

   During the year ended December 31, 2024, the Group had a total comprehensive loss of $262 thousand and negative cash flow from operation of $1,572 thousand. Additionally, the Group generated $35,152 thousand of accumulated deficit since inception. Management plans to address these conditions by raising additional funds and by generating larger volumes of revenues. However, there is no assurance that such funding will be available to the Company or that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, or that the Company will successfully generate sufficient revenues to meet its objectives. Moreover, and while the Company's negative cash flows from operations decreased during the year ended December 31, 2024, the Company expects its negative cash flows from operations to significantly increase in the foreseeable future due to increase in R&D and R&D-related expenses to be incurred as a result of commencement of clinical trials. These factors raise material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

8. Between February 2023 to December 2024, Innocan entered the fourth, fifth, sixth, seventh and eighth amendments (the "Fourth Amendment", "Fifth Amendment", "Sixth Amendment", "Seventh Amendment" and "Eighth Amendment", respectively) to the research and license agreement with Yissum Research Development Company of the Hebrew University of Jerusalem Ltd. ("Yissum"). As part of the Fourth, Fifth, Sixth, Seventh and Eighth Amendments, Innocan agreed to finance additional research with the aim of meeting the FDA guidance on Liposome drug-products in a total amount of approximately $1,399 thousand, by December 2024. The total expense due to research activity by Yissum incurred during the year ended December 31, 2024, amounted to $388 thousand (2023 - $843 thousand). (See also note 19).

9. On February 16, 2023, the Company closed a non-brokered private placement (the "February 2023 Private Placement") of 1,982,000 units of the Company (the "February 2023 Private Placement Units") at a price of CAD 0.25 per unit for aggregate gross proceeds of CAD 496 thousand (approximately $368 thousand). The gross proceeds were first allocated to the derivative warrant liability in the amount of $154 thousand with the residual balance of $214 being allocated to the equity. (See also note 8.2).

NOTE 1 - GENERAL (CONT.):

10. On August 3, 2023, the Company closed a non-brokered private placement (the "August 2023 Private Placement") of 8,409,735 units of the Company (the "August 2023 Private Placement Units") at a price of CAD 0.23 per unit for aggregate gross proceeds of CAD 1,934 thousand (approximately $ 1,459 thousand). The gross proceeds were first allocated to the derivative warrant liability in the amount of $692 thousand with the residual balance of $767 being allocated to the equity. (See also note 8.3).

11. On October 12, 2023, the Company closed the first of two tranches (the “First Tranche”) of its private placement offering (the “Offering”) of units of the Company (the “October 2023 Units”), pursuant to which the Company issued 1,420,200 October 2023 Units at a price of CAD 0.30 per October 2023 Unit for aggregate gross proceeds of CAD 426 thousand (approximately $311 thousand). Each October 2023 Unit is comprised of one common share of the Company and one purchase warrant of the Company (a “October 2023 Warrant”). Each October 2023 Warrant shall entitle the holder thereof to purchase one Common Share at an exercise price of CAD 0.36 for a period of 36 months from the closing of the First Tranche. The Offering was led by Research Capital Corporation as sole agent and sole bookrunner (the “Agent”). In connection with the First Tranche, the Agent received an aggregate cash fee of CAD 34 thousand (approximately $25 thousand). In addition, the Company issued to the Agent 113,616 non-transferable broker warrants (the “Broker Warrants”). Each Broker Warrant entitles the holder thereof to purchase one Unit at an exercise price equal to the Offering Price for a period of 36 months following the closing date of the First Tranche.

    On October 20, 2023, the Company closed the second and final tranche (the “Second Tranche”) of its Offering of October 2023 Units, pursuant to which the Company issued 4,005,408 October 2023 Units at the Offering Price for aggregate gross proceeds of CAD 1,202 thousand (approximately $876 thousand). In total, the Company issued an aggregate of 5,425,108 October 2023 Units for aggregate gross proceeds of CAD 1,628 thousand (approximately $1,187 thousand). In connection with the Second Tranche, the Agent received an additional cash fee equal to CAD 18 thousand (approximately $13 thousand). In addition, the Company issued to the Agent, 153,430 non-transferable broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder thereof to purchase one October 2023 Unit at an exercise price equal to the Offering Price for a period of 36 months following the closing date of the Second Tranche. The Company also paid the Agent a corporate finance advisory fee consisting of 122,500 units and CAD 28 thousand (approximately $20 thousand) in cash.

    The gross proceeds from the First Tranche and the Second Tranche were first allocated to the derivative warrant liability in the amount of $538 thousand with the residual balance of $649 being allocated to the equity. (See also note 8.4).

NOTE 1 - GENERAL (CONT.):

12. On March 14, 2024, the Company closed a non-brokered private placement offering of 7,952,840 units of the Company (the "March 2024 Units") at a price of CAD 0.25 per March 2024 Unit (approximately $0.19) for aggregate gross proceeds of CAD 1,989 thousand (approximately $1,475 thousand). Each March 2024 Unit is comprised of one common share of the Company and one warrant to purchase one common share of the Company (a "March 2024 Warrant"). Each March 2024 Warrant will entitle the holder thereof to purchase one common share at an exercise price of CAD 0.32 (approximately $0.24) for a period of four (4) years from the date of issuance. The gross proceeds were first allocated to the derivative warrant liability in the amount of $1,103 thousand with the residual balance of $372 being allocated to the equity. (See also note 8.5).

13. On March 14, 2024, the Company granted an aggregate of 7,140,483 restricted share units (each, an "RSU")to directors and officers. Each RSU entitles the recipient to receive one common share of the Company on vesting. A total of 3,807,150 RSUs vest on March 14, 2024, and 3,333,333 RSUs vest as follows: (i) one-third on March 14, 2024; (ii) one-third on September 14, 2024; and (iii) one-third on March 14, 2025. The RSUs and the underlying common shares are subject to a statutory hold period of four months and one day expiring on July 15, 2024. (See also note 9).

14. On May 30, 2024, the Company granted an aggregate of 140,000 RSUs to consultants of the Company. Each RSU entitles the recipient to receive one common share of the Company on vesting. A total of 140,000 RSUs vested on September 30, 2024. (See also note 9).

15. On August 29, 2024, the Company closed a non-brokered private placement offering of 5,025,725 units of the Company (the "August 2024 Units") at a price of CAD 0.22 per August 2024 Unit (approximately $0.16) for aggregate gross proceeds of CAD 1,106 thousand (approximately $822 thousand). Each August 2024 Unit is comprised of one common share of the Company and one warrant to purchase one common share of the Company (a "August 2024 Warrant"). Each August 2024 Warrant will entitle the holder thereof to purchase one common share at an exercise price of CAD 0.32 (approximately $0.24) for a period of four (4) years from the date of issuance. The gross proceeds were first allocated to the derivative warrant liability in the amount of $517 thousand with the residual balance of $305 being allocated to the equity. (See also note 8.6).

NOTE 1 - GENERAL (CONT.):

16. On December 31, 2024, the Company closed a non-brokered private placement offering of 3,177,223 units of the Company (the "December 2024 Units") at a price of CAD 0.2 per December 2024 Unit (approximately $0.14) for aggregate gross proceeds of C$635 thousand (approximately $442 thousand). Each December 2024 Unit is comprised of one common share of the Company and one warrant to purchase one common share of the Company (a "December 2024 Warrant"). Each December 2024 Warrant will entitle the holder thereof to purchase one Common Share at an exercise price of C$0.28 (approximately $0.19) for a period of four (4) years from the date of issuance. The gross proceeds were first allocated to the derivative warrant liability in the amount of $215 thousand with the residual balance of $227 being allocated to the equity. (See also note 8.7). The Company paid an arm's length finder a cash fee of CAD 13,500 and issued to the finder 67,500 warrants attributable to investors introduced to the Company by the finder within 3 months following such introduction ("Finder Warrants"). Each Finder Warrant entitles the Finder to purchase one Common Share at an exercise price of C$0.28 for a period of four (4) years from the date of issuance.

NOTE 2 - MATERIAL ACCOUNTING POLICY INFORMATION:

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention, except for the warrants that are measured at fair values as explained in the accounting policies below. The Group has elected to present the statement of comprehensive loss using the function of expense method.

Use of estimates and assumptions in the preparation of the financial statements

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. See also Note 3.

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

Principal of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries Innocan and B.I. Sky Global. All intercompany balances and transactions have been eliminated upon consolidation.

Inventories

Inventories are recognized at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The Group measures cost of inventories on First In First Out ("FIFO").

Revenue recognition

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

Revenue is derived primarily from sales of cosmetic products. The Group sells its products primarily through online retail channels. Revenue is only recognized when collection is reasonably assured, which is the same point of time at which control of the merchandise passes to the customer. The Group does not offer trade or volume discounts.

For these product sales, the Group has elected to treat shipping and handling as fulfillment activities, and not a separate performance obligation. Accordingly, the Group recognizes cosmetic products revenue for a single performance obligation related to product sales.

The Group evaluated principal versus agent considerations in relation to product sales through online retail channels to determine whether it is appropriate to record platform fees paid to Amazon as an expense or as a reduction of revenue. Platform fees are recorded as sales and distribution expenses and are not recorded as a reduction of revenue because it owns and controls all the goods before they are transferred to the customer. The Group is subject to credit risk, establishes prices of its products, can determine who fulfills the goods to the customer (Amazon or the Group) and can limit quantities or stop selling the goods at any time. Based on these considerations, the Group is the principal in this arrangement

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

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses consist of online advertising costs, marketing and promotional costs, sales and e-commerce platform commissions, fulfillment costs, including shipping and handling, and warehouse costs (i.e. sales and distribution variable expenses). Further, sales and distribution expenses also include employees and service provider compensation and benefits and other related costs. Selling, marketing and distribution expenses, other than share-based compensation, are expensed as incurred.

Share based compensation

The Group measures the share-based compensation expense and the cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes and Merton models ("Black Scholes Merton", or "BSM"), which takes into account the terms and conditions upon which the equity instruments were granted.

Where equity instruments are granted to parties other than employees (such as consultants), they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service. The fair value of services received from consultants cannot be reliably measured; therefore, the fair value of the underlying equity instruments was utilized for all periods presented. The fair value is determined using the Black Scholes Merton, which takes into account the terms and conditions upon which the equity instruments were granted.

Foreign currency

The financial statements are prepared in US Dollars which is the functional currency of the Group due to the fact that most of the Group's revenues and costs are dominated in USD.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency ("Foreign Currencies") are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in Foreign Currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in Foreign Currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise.

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

Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

<u>Classification of financial instruments by fair value hierarchy</u>

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

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

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

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

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

Financial instruments

1. Financial assets

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

   Amortized cost: These assets arise principally from the provision of goods to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue (excluding trade accounts receivables which are initially recognized at transaction costs) and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

2. Financial Liabilities

   The Group classifies its financial liabilities based on the purpose for which the liability was acquired. The Group's accounting policy is as follows:

   Fair value through profit or loss: The Group measures its warrant financial liabilities at fair value through profit or loss.

   Amortized cost: other accounts payable are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

3. De-recognition

   - Financial assets - The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows.
   - Financial liabilities - The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

4. Impairment of financial assets

   The Group assesses at the end of each reporting period whether there is any objective evidence of impairment of a financial asset as follows:

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

Financial instruments (cont.)

Financial assets carried at amortized cost: there is objective evidence of impairment of other accounts receivable if one or more events have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows. Evidence of impairment may include indications that the debtor is experiencing financial difficulties, including liquidity difficulty and default in interest or principal payments. The amount of the loss recorded in profit or loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Loss per share

Basic earnings or loss per share are calculated as net profit or loss attributed to the Group, divided by the weighted average number of outstanding common shares, during the period.

Segment reporting

An operating segment is a component of the Group that meets the following two criteria:

1. Is engaged in business activities from which it may earn revenues and incur expenses;
2. Whose operating results are regularly reviewed by the Group's CEO to make decisions about allocated resources to the segment and assess its performance.

Segment revenue and segment costs include items that are attributable to the relevant segments and items that are allocated to the segments.

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

New standards, interpretations and amendments adopted in the current year

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The IASB issued a narrow-scope amendment to IAS 1, in January 2020, to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. Inter alia, the amendment requires the following:

Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights. The assessment determines whether a right exists, but it does not consider whether the entity will exercise the right.

'Settlement' is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group.

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

New standards, interpretations and amendments not yet effective

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements.

IFRS 18 introduces new requirements to:
- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Group anticipates that the application of these amendments may have an impact on the consolidated financial statements in future periods.

NOTE 3 - MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS:

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

Share based compensation

The Group has a share-based plan for its employees and share based awards that the group granted to service providers. The estimated fair value of share options is determined using the Black Scholes Merton model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates (see also Note 9).

Fair value valuation of warrants

The Group measures the fair value of the warrants using the Black-Scholes model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields (see also Note 8).

NOTE 4 - CASH AND CASH EQUIVALENTS:

	December 31, 2024	December 31, 2023
	USD in thousands	
USD:		
Banks	4,472	2,937
Foreign currency:		
Banks	536	806
Deposits	-	142
Total	5,008	3,885

NOTE 5 - INVENTORIES:

	December 31, 2024	December 31, 2023
	USD in thousands	
Finished goods	3,270	1,533
Packaging materials	184	214
Provision for obsolete stock	(137)	-
	3,317	1,747

NOTE 6 - OTHER CURRENT ASSETS:

	December 31, 2024	December 31, 2023
	USD in thousands	
Tax authorities	286	417
Prepaid expenses	67	340
Receivables from Amazon	250	232
Restricted deposits (*)	69	138
Others	150	28
Total	822	1,155

(*) Deposits held as collateral for credit lines, in accordance with bank requirements.

NOTE 7 - OTHER ACCOUNTS PAYABLE:

	December 31, 2024	December 31, 2023
	USD in thousands	
Accrued expenses	281	285
Payroll and related liabilities	197	178
Short term lease liability	10	22
	488	485

NOTE 8 - WARRANTS:

The Company accounts for warrants issued to investors under IFRS 9. Warrants issued to service providers are accounted for under IFRS 2 and are treated as equity.

1. October 2021 Unit Warrants

In connection with October 13, 2021 Private Placement (see also Note 9), the Company issued 9,679,000 warrants to investors. Each October 2021 Unit Warrant entitles the holder thereof to acquire one common share at an exercise price of CAD 1.10 for a period of 60 months following October 13, 2021.

The warrants are transferable but are not listed or quoted on any stock exchange or market. The Company recorded the October 2021 Unit Warrants as a derivative financial liability at the fair value of the warrants on the issuance date due to the fact that they do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash since the exercise price is stated in CAD while the Company's functional currency is the USD. The derivative financial liability is re-measured at each reporting date, with changes in fair value recognized in finance expense (income), net. The derivative financial liability as of issuance date amounted to $3,427 thousand. As of December 31, 2024 and 2023, it amounted to $39 thousand and $331 thousand, respectively. The amount was recorded according to its fair value according to valuation performed by management with the assistance of an independent third-party appraiser.

2. February 2023 Unit Warrants

In connection with the private placement (see also note 1(8)), which closed on February 16, 2023, the Company issued 1,982,000 units to investors. Each February 2023 Unit consists of one (1) common share of the Company (each a "Common Share"); one-half of one (1) Class A warrant to purchase common shares (each whole Class A common share purchase warrant, a "February 2023 Class A Warrant"); and one-half of one (1) Class B warrant to purchase common shares (each whole Class B common share purchase warrant, a "February 2023 Class B Warrant") (collectively each whole February 2023 Class A Warrant and each whole February 2023 Class B Warrant, a "February 2023 Warrant"). Each February 2023 Class A Warrant will entitle the holder thereof to purchase one Common Share at a price of CAD 0.31 for a period of two (2) years from the date of issuance. Each February 2023 Class B Warrant will entitle the holder thereof to purchase one Common Share at a price of CAD 0.44 for a period of three (3) years from the date of issuance.

NOTE 8 - WARRANTS (CONT.):

2. February 2023 Unit Warrants (cont.)

Following the date of issuance of the February 2023 Warrants, if the daily volume weighted average trading price of the Common Shares on the CSE for any period of 20 consecutive trading days equals or exceeds CAD 0.62 in the case of a February 2023 Class A Warrant or CAD 1.32 in the case of a February 2023 Class B Warrant, the Company may, upon providing written notice to the holders of the February 2023 Warrants (the “Acceleration Notice”), accelerate the expiry date of the February 2023 Warrants to the date that is 30 days following the date of the Acceleration Notice. The Company recorded the February 2023 Unit Warrants as a derivative financial liability at the fair value of the warrants on the issuance date due to the fact that they do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash since the exercise price is stated in CAD while the Company's functional currency is the USD. The derivative financial liability is re-measured at each reporting date, with changes in fair value recognized in finance expense (income), net. The derivative financial liability as of issuance date amounted to $154 thousand. As of December 31, 2024, and 2023, it amounted to $14 thousand and $140 thousand, respectively. The amount was recorded according to its fair value according to valuation performed by management with the assistance of an independent third-party appraiser.

3. August 2023 Unit Warrants

In connection with the private placement (see also note 1(9)), closed on August 3, 2023, the Company issued 8,409,735 units to investors. Each August 2023 Unit consists of: (i) one (1) common share of the Company (each a “Common Share”); (ii) one-half of one (1) Class A common share purchase warrant (each whole Class A common share purchase warrant, a “August 2023 Class A Warrant”); and (iii) one-half of one (1) Class B common share purchase warrant (each whole Class B common share purchase warrant, a “August 2023 Class B Warrant”) (collectively each whole August 2023 Class A Warrant and each whole August 2023 Class B Warrant, a “August 2023 Warrant”). Each August 2023 Class A Warrant will entitle the holder thereof to purchase one Common Share at a price of CAD 0.29 for a period of three (3) years from the date of issuance. Each August 2023 Class B Warrant will entitle the holder thereof to purchase one Common Share at a price of CAD 0.40 for a period of five (5) years from the date of issuance. The Company recorded the August 2023 Unit Warrants as a derivative financial liability at the fair value of the warrants on the issuance date due to the fact that they do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash since the exercise price is stated in CAD while the Company's functional currency is the USD. The derivative financial liability is re-measured at each reporting date, with changes in fair value recognized in finance expense (income), net.

NOTE 8 - WARRANTS (CONT.):

3. August 2023 Unit Warrants (cont.)

The derivative financial liability as of issuance date amounted to $692 thousand. As of December 31, 2024 and 2023, it amounted to $359 thousand and $954 thousand, respectively. The amount was recorded according to its fair value according to valuation performed by management with the assistance of an independent third-party appraiser.

4. October 2023 Unit Warrants

In connection with October 12, 2023, and October 20, 2023, Offerings (see note 1(10)), the Company issued 5,425,108 warrants (the "October 2023 Unit Warrants") to investors. Each October Unit Warrant entitled the holder therefore to acquire one common share at an exercise price of CAD 0.36 for a period of 36 months from the date of the closing. The Company recorded the August 2023 Unit Warrants as a derivative financial liability at the fair value of the warrants on the issuance date due to the fact that they do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash since the exercise price is stated in CAD while the Company's functional currency is the USD. The derivative financial liability is re-measured at each reporting date, with changes in fair value recognized in finance expense (income), net. The derivative financial liability as of issuance date amounted to $538 thousand. As of December 31, 2024 and 2023, it amounted to $161 thousand and $521 thousand, respectively. The amount was recorded according to its fair value according to valuation performed by management with the assistance of an independent third-party appraiser.

5. March 2024 Unit Warrants

In connection with the private placement (see also note 1(11)), which closed on March 14, 2024, the Company issued 7,952,840 units to investors. Each March 2024 Unit entitles the holder thereof to acquire one common share at an exercise price of CAD 0.32 for a period of four years following March 15, 2024.

The Company recorded the March 2024 Unit Warrants as a derivative financial liability at the fair value of the warrants on the issuance date due to the fact that they do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash since the exercise price is stated in CAD while the Company's functional currency is the USD. The derivative financial liability is re-measured at each reporting date, with changes in fair value recognized in finance expense (income), net. The derivative financial liability as of issuance date amounted to $1,103 thousand. As of December 31, 2024, it amounted to $427 thousand. The amount was recorded according to its fair value according to valuation performed by management with the assistance of an independent third-party appraisal.

NOTE 8 - WARRANTS (CONT.):

6. August 2024 Unit Warrants

In connection with the private placement (see also note 1(15)), which closed on August 29, 2024, the Company issued 5,025,725 units to investors. Each August 2024 Unit entitles the holder thereof to acquire one common share at an exercise price of CAD 0.32 for a period of four years following August 29, 2024.

The Company recorded the August 2024 Unit Warrants as a derivative financial liability at the fair value of the warrants on the issuance date due to the fact that they do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash since the exercise price is stated in CAD while the Company's functional currency is the USD. The derivative financial liability is re-measured at each reporting date, with changes in fair value recognized in finance expense (income), net. The derivative financial liability as of issuance date amounted to $517 thousand. On December 31, 2024, it amounted to $349 thousand. The amount was recorded according to its fair value according to valuation performed by management with the assistance of an independent third-party appraisal.

7. December 2024 Unit Warrants

In connection with the private placement (see also note 1(16)), which closed on December 31, 2024, the Company issued 3,177,223 units to investors. Each December 2024 Unit entitles the holder thereof to acquire one common share at an exercise price of CAD 0.28 for a period of four years following December 31, 2024.

The Company recorded the December 2024 Unit Warrants as a derivative financial liability at the fair value of the warrants on the issuance date due to the fact that they do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash since the exercise price is stated in CAD while the Company's functional currency is the USD. The derivative financial liability is re-measured at each reporting date, with changes in fair value recognized in finance expense (income), net. The derivative financial liability as of issuance date amounted to $215 thousand. On December 31, 2024, it amounted to $215 thousand. The amount was recorded according to its fair value according to valuation performed by management with the assistance of an independent third-party appraisal.

(US Dollars)

NOTE 8 - WARRANTS (CONT.):

The fair value measurements of the warrants as of December 31, 2024 and 2023, in the tables below were measured using:

1. For the warrants containing no accelerated exercise provisions, the Black-Scholes model.
2. The warrants containing accelerated exercise provisions were estimated using a binomial lattice model, under the assumption that once the price per share exceeds the defined threshold, the warrants become immediately exercisable.

The key inputs that were used in measuring the fair value of the warrants as of December 31, 2024, were: average risk-free interest rate – 2.96%, average expected volatility - 70%, year-end expected dividend yield – 0 and share price of the Company as of December 31, 2024 – CAD 0.21.

	Fair value measurements using input type			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative liability – warrants	-	(1,565)	-	(1,565)

The key inputs that were used in measuring the fair value of the warrants as of December 31, 2023, were: average risk-free interest rate – 3.2144%, average expected volatility - 70%, year-end expected dividend yield – 0 and share price of the Company as of December 31, 2023 – CAD 0.31.

	Fair value measurements using input type			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative liability – warrants	-	(1,946)	-	(1,946)

NOTE 8 - WARRANTS (CONT.):

The derivative financial liabilities as of December 31, 2024 and 2023 are as follows:

	Fair Value of warrants
	US Dollars in thousands
Balance as of January 1, 2023	304
Changes during 2023:	
February 2023 Unit Warrants	154
August 2023 Unit Warrants	692
October 2023 Unit Warrants - First tranche	131
October 2023 Unit Warrants - Second tranche	407
Changes in FV	231
Balance as of December 31, 2023	1,946
Changes during 2024:	
March 2024 Unit Warrants	1,103
August 2024 Unit Warrants	517
December 2024 Unit Warrants	214
Changes in FV	(2,215)
Balance as of December 31, 2024	1,565

All amounts were recorded according to their fair value, according to management with the assistance of an independent third-party appraiser.

Warrants accounted for under IFRS 2 are as follows:

	Year ended December 31, 2024	
	Number of warrants	Weighted average exercise price (CAD)
Warrants outstanding at beginning of period	389,546	0.319
Granted – exercise price CAD 0.28	67,500	0.28
Warrants outstanding at end of period	457,046	0.313
Exercisable warrants	457,046	0.313

(US Dollars)

NOTE 8 - WARRANTS (CONT.):

	Year ended December 31, 2023	
	Number of warrants	Weighted average exercise price (CAD)
Warrants outstanding at beginning of period	400,793	0.25
Expired – exercise price CAD 0.25	(400,793)	0.25
Granted – exercise price CAD 0.30	267,046	0.30
Granted – exercise price CAD 0.36	122,500	0.36
Warrants outstanding at end of period	389,546	0.319
Exercisable warrants	389,546	0.319

NOTE 9 - SHAREHOLDERS' EQUITY:

Composition:

	Number of shares as of December 31, 2024	
	Authorized	Issued and outstanding
Common shares without nominal par value	Unlimited	290,115,494

	Number of shares as of December 31, 2023	
	Authorized	Issued and outstanding
Common shares without nominal par value	Unlimited	268,001,895

(US Dollars)

NOTE 9 - SHAREHOLDERS' EQUITY (CONT.):

Movement in number of shares:

	Number of shares
Closing balance as of December 31, 2022	249,728,111
Exercise of options	333,941
Issuance of shares – February 2023 Private Placement	1,982,000
Issuance of shares – August 2023 Private Placement	8,409,735
Issuance of shares- service provider	2,000,000
Issuance of shares – October 12, 2023 Private Placement	1,420,200
Issuance of shares – October 20, 2023 Private Placement	4,127,908
Closing balance as of December 31, 2023	268,001,895
Issuance of shares – March 2024 Private Placement	7,952,840
Issuance of restricted share units – March 2024	4,706,702
Issuance of shares – August 2024 Private Placement	5,025,725
Vesting of restricted share units granted in March 2024	1,111,109
Issuance of restricted share units – September 2024	140,000
Issuance of shares – December 2024 Private Placement	3,177,223
Closing balance as of December 31, 2024	290,115,494

Restricted Share Units

During the year ended December 31, 2024, the following restricted share units ("RSU") were granted:

Grantee	Date of grant	Number of shares
Directors and Officers of the Company (1)	March 14, 2024	7,140,483
Consultants of the Company (2)	May 30, 2024	140,000

(1) Each RSU entitles the recipient to receive one common share of the Company on vesting. The fair value of the RSUs was obtained using the share price of the Company on March 14, 2024, the date of grant. The share price of the Company on March 14, 2024, was CAD 0.28.

(2) Each RSU entitles the recipient to receive one common share of the Company on vesting. The fair value of the RSUs was obtained using the share price of the Company on May 30, 2024, the date of grant. The share price of the Company on May 30, 2024, was CAD 0.295.

During the year ended December 31, 2024, the Company recorded share-based compensation expenses for RSUs grants of $1,466 thousand, which is included in selling, marketing and distribution expenses, research and development expenses or general and administrative expenses, based on the function of the grantee.

(US Dollars)

NOTE 9 - SHAREHOLDERS' EQUITY (CONT.):

Share based compensation

During the years ended December 31, 2024 and 2023, the Company granted the following options:

Grantee	**Date of grant**	**Exercise price (CAD)**	**Number of options**	**Expiry date**
Research and development consultant (1)	February 14, 2023	0.28	150,000	February 14, 2026
Business development consultant (1)	February 14, 2023	0.28	138,740	February 14, 2026
Employees of the Company (2)	February 14, 2023	0.28	150,000	February 14, 2028
Employees of the Company (3)	August 11, 2023	0.23	5,000,000	August 11, 2028
Business development consultant (4)	August 11, 2023	0.23	118,576	August 11, 2028
Research and development consultant (5)	September 13, 2023	0.35	300,000	September 13, 2025
Business development consultant (6)	November 6, 2023	0.32	250,000	November 6, 2028
Employees of the Company (7)	May 30, 2024	0.28	780,000	May 30, 2029
Business development consultant (8)	May 30, 2024	0.28	1,300,000	May 30, 2029
Consultant (9)	August 27, 2024	0.25	300,000	August 27, 2029

(1) Each of the options is exercisable for one common share of the Company. The options were fully vested at the grant date. The vested options will be exercisable by the consultant at any time during a period of three (3) years from the date of grant. The fair value of the options was obtained using the Black Scholes Merton model on the date of the grant based on certain unobservable inputs, including:
- The expected volatility is 74%.
- The dividend growth rate is 0%.
- The share price of the Company on February 14, 2023, was CAD 0.285.

NOTE 9 - SHAREHOLDERS' EQUITY (CONT.):

Share based compensation (cont.)

(2) Each of the options is exercisable for one common share of the Company. The options were fully vested at the grant date. The vested options will be exercisable at any time during a period of five (5) years from the date of grant as long as the employment agreement is valid and for a period of 3 months from the date of grant. The fair value of the options was obtained using the Black Scholes Merton model on the date of the grant based on certain unobservable inputs, including:

- The expected volatility is 74%.
- The dividend growth rate is 0%.
- The share price of the Company on February 14, 2023, was CAD 0.285.

(3) Each of the options is exercisable for one common share of the Company. Options shall be vested 25% upon the date of grant, 25% shall vest in 8 months from the date of grant, 25% shall vest 16 months from the date of grant and 25% shall vest 24 months from the date of grant. The vested options will be exercisable at any time during a period of five (5) years from the date of grant as long as the employment agreement is valid and for a period of 3 months from the date of grant. The fair value of the options was obtained using the Black Scholes Merton model on the date of the grant based on certain unobservable inputs, including:

- The expected volatility of the existing business is 70%.
- The dividend growth rate is 0%.
- The share price of the Company on August 11, 2023, was CAD 0.22.

(4) Each of the options is exercisable for one common share of the Company. The options were fully vested at the grant date. The vested options will be exercisable at any time during a period of five (5) years from the date of grant as long as the employment agreement is valid and for a period of 3 months from the date of grant. The fair value of the options was obtained using the Black Scholes Merton model on the date of the grant based on certain unobservable inputs, including:

- The expected volatility is 70%.
- The dividend growth rate is 0%.
- The share price of the Company on August 11, 2023, was CAD 0.22.

NOTE 9 - SHAREHOLDERS' EQUITY (CONT.):

Share based compensation (cont.)

(5) Each of the options is exercisable for one common share of the Company. 60,000 options were fully vested at grant date, additional 60,000 options every 6 months for the coming 2 years and as long as consultant is part of the advisory committee. The vested options will be exercisable at any time during a period of three (3) years from the date of grant. The fair value of the options was obtained using the Black Scholes Merton model on the date of the grant based on certain unobservable inputs, including:
- The expected volatility is 70%.
- The dividend growth rate is 0%.
- The share price of the Company on September 13, 2023, was CAD 0.35.

(6) Each of the options are exercisable for one common share of the Company. Options shall be vested immediately upon grant. The vested options expire after five years from the date of issuance. The fair value of the options was obtained using the Black Scholes Merton model on the date of the grant based on certain unobservable inputs, including:
- The expected volatility is 70%.
- The dividend growth rate is 0%.
- The share price of the Company on November 6, 2023, was CAD 0.32.

(7) Each of the options is exercisable for one common share of the Company. Options shall be vested as follows: (i) 1/3 (third) will vest immediately at grant; (ii) 1/3 will be vested within 6 months after grant (Nov 30, 2024); (iii) 1/3 will be vested within 12 months after grant (May 30, 2025). The vested options will be exercisable at any time during a period of five (5) years from the date of grant as long as the employment agreement is valid and for a period of 3 months from the date of termination.

The fair value of the options was obtained using the Black Scholes Merton model on the date of the grant based on certain inputs, including:
- The expected volatility of the existing business is 90%.
- The dividend yield rate is 0%.
- The share price of the Company on May 30, 2024, was CAD 0.295.

NOTE 9 - SHAREHOLDERS' EQUITY (CONT.):

Share based compensation (cont.)

(8) Each of the options is exercisable for one common share of the Company. 800,000 options shall be vested immediately at granting and 500,000 options shall be vested as follows: (i) 1/3 (third) will vest immediately at grant; (ii) 1/3 will be vested within 6 months after grant (Nov 30, 2024); (iii) 1/3 will be vested within 12 months after grant (May 30, 2025). The vested options will be exercisable by the Consultant at any time during a period of five (5) years from the date of grant. The fair value of the options was obtained using the Black Scholes Merton model on the date of the grant based on certain inputs, including:

- The expected volatility of the existing business is 90%.
- The dividend yield rate is 0%.
- The share price of the Company on May 30, 2024, was CAD 0.295.

(9) Each of the options is exercisable for one common share of the Company. 300,000 options shall be vested as follows: (i) 1/3 (third) will vest immediately at grant; (ii) 1/3 will be vested within 6 months after grant (February 28, 2025); (iii) 1/3 will be vested within 12 months after grant (August 27, 2025). The vested options will be exercisable by the Consultant at any time during a period of five (5) years from the date of grant. The fair value of the options was obtained using the Black Scholes Merton model on the date of the grant based on certain inputs, including:

- The expected volatility of the existing business is 78%.
- The dividend yield rate is 0%.
- The share price of the Company on August 27, 2024, was CAD 0.25.

During the years ended December 31, 2024 and 2023, the Company recorded share-based compensation expenses for options grants of $591 thousand and $854 thousand, respectively, which is included in selling, marketing and distribution expenses, research and development expenses or general and administrative expenses, based on the function of the grantee.

(US Dollars)

NOTE 9 - SHAREHOLDERS' EQUITY (CONT.):

Share based compensation (cont.)

Activity in share options granted to employees and service providers is as follows:

	Year ended December 31, 2024	
	Number of options	Weighted average exercise price (CAD)
Options outstanding at beginning of year	26,778,566	0.28
Granted – exercise price CAD 0.28	2,080,000	0.28
Granted – exercise price CAD 0.25	300,000	0.25
Forfeited – exercise price CAD 0.18	(1,750,000)	0.18
Forfeited – exercise price CAD 0.16	(410,000)	0.16
Forfeited – exercise price CAD 0.23	(150,000)	0.23
Forfeited – exercise price CAD 0.3	(500,000)	0.3
Forfeited – exercise price CAD 0.35	(720,000)	0.35
Forfeited – exercise price CAD 0.41	(650,000)	0.41
Forfeited – exercise price CAD 0.59	(900,000)	0.59
Forfeited – exercise price CAD 0.74	(50,000)	0.74
Forfeited – exercise price CAD 0.77	(300,000)	0.77
Forfeited – exercise price CAD 0.83	(250,000)	0.83
Expired – exercise price CAD 0.18	(6,345,250)	0.18
Expired – exercise price CAD 0.35	(150,000)	0.35
Expired – exercise price CAD 0.36	(500,000)	0.36
Expired – exercise price CAD 0.58	(300,000)	0.58
Expired – exercise price CAD 0.74	(350,000)	0.74
Expired – exercise price CAD 0.83	(250,000)	0.83
Options outstanding at end of year	15,583,316	0.34
Exercisable options	13,546,153	0.35

(US Dollars)

NOTE 9 - SHAREHOLDERS' EQUITY (CONT.):

Share based compensation (cont.)

	Year ended December 31, 2023	
	Number of options	**Weighted average exercise price (CAD)**
Options outstanding at beginning of period	24,284,708	0.33
Granted – exercise price CAD 0.28	438,740	0.28
Granted – exercise price CAD 0.23	5,118,576	0.23
Granted – exercise price CAD 0.35	300,000	0.35
Granted – exercise price CAD 0.32	250,000	0.32
Exercised – exercise price CAD 0.18	(274,499)	0.18
Exercised – exercise price CAD 0.16	(59,442)	0.16
Expired – exercise price CAD 0.16	(300,000)	0.16
Expired – exercise price CAD 0.16	(65,558)	0.16
Expired – exercise price CAD 0.18	(597,959)	0.18
Expired – exercise price CAD 0.28	(150,000)	0.28
Expired – exercise price CAD 0.35	(950,000)	0.35
Expired – exercise price CAD 0.41	(116,000)	0.41
Expired – exercise price CAD 0.59	(950,000)	0.59
Expired – exercise price CAD 0.74	(150,000)	0.74
Options outstanding at end of period	26,778,566	0.33
Exercisable options	22,105,240	0.34

NOTE 10 - REVENUES

Geographical analysis of revenue

	Year ended December 31, 2024		Year ended December 31, 2023	
	USD in thousands			
	%		%	
United States (*)	99.9%	29,399	99%	13,548
Rest of the world (**)	0.1%	38	1%	109
	100%	29,437	100%	13,657

(*) Revenues in United States are attributed to B.I. Sky.

(**) Innocan's revenues are through distribution in Europe

NOTE 11 - COST OF REVENUES

	Year ended December 31, 2024	Year ended December 31, 2023
	USD in thousands	
Purchased inventory	2,237	1,225
Shipping expenses	1,013	454
	3,250	1,679

NOTE 12 - SELLING, MARKETING AND DISTRIBUTION EXPENSES:

	Year ended December 31, 2024	Year ended December 31, 2023
	USD in thousands	
Amazon services and advertising costs	20,146	9,698
Marketing service providers	685	745
Salary and related expenses	239	342
Share based compensation	396	96
Others	301	26
	21,767	10,907

NOTE 13 - RESEARCH AND DEVELOPMENT EXPENSES:

	Year ended December 31, 2024	Year ended December 31, 2023
	USD in thousands	
Research expenses	388	843
Service providers	558	417
Salary and related expenses	254	296
Share based compensation	250	102
Others	99	138
	1,549	1,796

NOTE 14 - GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31, 2024	Year ended December 31, 2023
	USD in thousands	
Professional services	997	830
Share based compensation	1,411	656
Salary and related expenses	718	554
Legal fees	226	276
Others	766	762
	4,118	3,078

NOTE 15 - FINANCE INCOME:

	Year ended December 31, 2024	Year ended December 31, 2023
	USD in thousands	
Changes in fair value of warrants	2,215	-
Currency exchange income	-	8
Others	-	23
	2,215	31

NOTE 16 - FINANCE EXPENSES:

	Year ended December 31, 2024	Year ended December 31, 2023
	USD in thousands	
Changes in fair value of warrants	-	258
Currency exchange expenses	42	4
Others	7	-
	49	262

NOTE 17 - TAXES ON INCOME:

A. Tax rate applicable to income in Canada

Canadian federal and provincial statutory tax rate was 23% in 2024 and 2023.

As of the year ended December 31, 2024, the Company did not have taxable income in Canada.

B. Tax rate applicable to income in Israel

Israeli corporate tax rates are 23% in 2024 and 2023.

Innocan has a final tax assessment for 2018 and Sky Global has not received any final tax assessment since inception.

C. Net operating carry forward losses

As of December 31, 2024, the Group has estimated carry forward tax losses of approximately $21,240 thousand, which may be carried forward and offset against taxable income for an indefinite period in the future, except for carry-forward losses reported in Canada of approximately $ 8,255 thousand, which expire 20 years from the year which they were incurred. The Group did not recognize deferred tax assets relating to carry forward losses in the financial statements because their utilization in the foreseeable future is not probable.

D. Reconciliation of statutory rate income tax to the Group's tax expenses

	Year ended December 31, 2024	Year ended December 31, 2023
	USD in thousands	
Profit (loss) before income taxes	919	(4,034)
Theoretical tax at applicable statutory tax rate (23%)	211	(928)
Deferred tax asset that cannot be recognized due to uncertainty	970	1,142
Tax expenses	1,181	214

NOTE 18 - RELATED PARTIES:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Group has transactions with key management personnel and directors.

Key management personnel compensation

Key management personnel compensation and directors fee comprised the following:

Transaction - expense	Year ended December 31, 2024 (USD in thousands)	Year ended December 31, 2023 (USD in thousands)
Salary and related expenses	566	618
Share based compensation	1,173	226
Services fees (1)	14	55

(1) Includes online promotions fees to a related party of the Company.

Liabilities to related party

Name	Nature of transaction	December 31, 2024 (USD in thousands)	December 31, 2023 (USD in thousands)
Other accounts payable	Short term employee benefits	84	98
Warrants	August 2023 Warrants held by a related party	48	128

NOTE 19 - COMMITMENTS AND CONTINGENT LIABILITIES:

1. As of the approval date of the financial statements, there were no claims that were outstanding against the Group.
2. On January 21, 2020, Innocan entered into an exclusive worldwide royalty-bearing license agreement with Yissum (the "License"), for a license to make commercial use of the licensed technology, in order to develop, obtain regulatory approvals, manufacture, market, distribute or sell products, or the Yissum License Agreement. According to the Yissum License Agreement, Innocan was required to pay Yissum an initial payment of $50 thousand, and shall pay Yissum royalties at the rates of 3%-5% of net sales, subject to the royalty reductions as described in the Yissum License Agreement. If the license is sublicensed by Innocan, Innocan will also pay 15% of the non-sales related consideration. All right, title and interest in and to the Yissum License Agreement shall vest solely in Yissum, and Innocan shall hold exclusively and make use of the rights granted. All rights in the development results shall be solely owned by Innocan, except to the extent that an employee of Yissum, including the researcher, is considered an inventor of a patentable invention arising from the development results, in which case such invention and all patent applications and/or patents claiming such invention shall be owned jointly by Innocan and Yissum, as appropriate, and Yissum's share in such joint patents shall be automatically included in the Yissum License Agreements.

NOTE 20 - LOSS PER SHARE:

Loss per share has been calculated using the weighted average number of common shares in issue during the relevant financial period, the weighted average number of common shares in issue and loss for the period as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Total comprehensive loss for the year attributed to shareholders (USD in thousand)	(1,834)	(4,700)
Weighted average number of common shares	280,040,842	257,003,775
Basic and diluted loss per share	$(0.01)	$(0.02)

In March 2025, the Company completed a financing round in the context of which 5,555,555 common share purchase warrants were issued to its largest shareholder, Tamar Innovest Ltd. ("Tamar Innovest") (Refer to Note 23, subsequent events), which is expected to increase the weighted average number of common shares to be used in the computation of earnings per share in future periods.

NOTE 20 - LOSS PER SHARE (CONT):

In March 2024, the Company granted an aggregate of 7,140,483 restricted share units (each, an “RSU”) to directors and officers. Each RSU entitles the recipient to receive one common share of the Company on vesting. On March 14, 2025,1,111,111 common shares were issued to directors and officers, which is expected to increase the weighted average number of common shares to be used in the computation of earnings per share in future periods.

NOTE 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:

The Group is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial performance and position. The Group's financial instruments are its cash and cash equivalent, other current assets, warrants, lease liability and trade and other accounts payable. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Group's financial instruments are mainly credit risk, currency risk and liquidity risk. The risk management policies employed by the Group to manage these risks are discussed below.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Group closely monitors the activities of its counterparties, which enables it to ensure the prompt collection of customer's balances. The Group's main financial assets are cash and cash equivalents and other current assets and represent the Group's maximum exposure to credit risk in connection with its financial assets. Wherever possible and commercially practical the Group holds cash with major financial institutions in Israel. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

NOTE 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

Credit risk (CONT.)

	December 31, 2024	December 31, 2023
	(US Dollar in thousands)	
Cash and cash equivalents	5,008	3,885
Trade accounts receivable	-	17
Other receivables	250	232
Restricted deposits	69	138
Total	5,327	4,272

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the New Israeli Shekel ("NIS") and the Canadian Dollar ("CAD"), given that a portion of expenses incurred by the Company are denominated in CAD and a portion of expenses incurred by Innocan and Sky Global are incurred in NIS. The Company does not have significant monetary assets and liabilities denominated in currencies other than the USD. The Group's policy is not to enter into any currency hedging transactions.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	December 31, 2024		
	Assets	Liabilities	Total
	(US Dollar in thousands)		
NIS	516	(467)	49
CAD	55	(1,586)	(1,531)
Others	4	-	4

NOTE 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

Currency risk (CONT.)

	December 31, 2023		
	Assets	Liabilities	Total
	(US Dollar in thousands)		
NIS	453	(261)	192
CAD	550	(1,980)	(1,430)
Others	70	-	70

Sensitivity analysis

A 10% strengthening of the United States Dollar against the following currencies would have increased (decreased) equity and total comprehensive loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the United States Dollar against the relevant currency, there would be an equal and opposite impact on equity and total loss.

	December 31, 2024 (US Dollar in thousands)
Linked to NIS	5
Linked to CAD	(153)
Linked to others	0.4

	December 31, 2023 (US Dollar in thousands)
Linked to NIS	19
Linked to CAD	(143)
Linked to others	7

NOTE 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability but can also increase the risk of loss. The Group has procedures with the object of minimizing such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	December 31, 2024	December 31, 2023
	(US Dollar in thousands)	
Trade accounts payable	185	112
Other accounts payable	488	485
Warrants	1,565	1,946
Long term lease liability	-	11
Total	2,238	2,554

Capital management

The Group considers its capital to be comprised of shareholders' equity. The Group's objectives in managing its capital are to maintain its ability to continue as a going concern and to further develop its business. To effectively manage the Group's capital requirements, the Group has a planning and budgeting process in place to meet its strategic goals. In order to facilitate the management of its capital requirements, the Group prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure the above objectives are met. There have been no changes to the Group's approach to capital management during the year ended December 31, 2024. There are no externally imposed restrictions on the Group's capital.

NOTE 22 - OPERATING SEGMENTS

The Group has two segments:

1. Online sales - Sky Global operations, which engages in the development of non-CBD personal care and beauty products in the United States for online platforms such as Amazon, and other e-commerce retail sales.
2. Other operations - the development of several drug delivery platforms, combining cannabinoids with other pharmaceutical ingredients as well as the development and sale of CBD-integrated topical products.

Commencing 2023, management has concluded that online sales segment should be reported separately, as operations volume has increased significantly, and it is closely monitored by management as a potential growth business segment.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Company's CEO.

In July 2024, the IASB approved the IFRS Interpretations Committee's (IFRS IC) agenda decision 'Disclosure of Revenue and Expenses for Reportable Segments' (hereinafter: the agenda decision).

The agenda decision considers the application of the disclosure requirements set out in paragraph 23 of IFRS 8 "Operating Segments" and clarifies that disclosure is required for "material items of income and expense" if they are included in the measure of segment profit or loss reviewed by the chief operating decision maker (CODM), even if they are not separately provided to or reviewed by the CODM. It also clarifies that "material items of income and expense" are not limited only to unusual or non-recurring items.

In addition, the agenda decision clarifies that in determining the information to disclose for each reportable segment, an entity should apply judgement and consider the entity's specific facts and circumstances, the core principle of IFRS 8 and the principles of materiality and aggregation in IAS 1"Presentation of Financial Statements".

The Company applies the agenda decision retrospectively in these financial statements. As a result, the Company has added a disclosure regarding material items of income and expense.

(US Dollars)

NOTE 22 - OPERATING SEGMENTS (CONT.):

The tables set forth the operating results of the Group:

For the year ended December 31, 2024:

	Online sales	Other operations	Total
Segment revenue	29,399	38	29,437
Selling, marketing and distribution expenses	20,322	1,445	21,767
Research and development expenses	-	1,549	1,549
General and administrative expenses	989	3,129	4,118
Segment operating profit (loss)	5,157	(6,404)	(1,247)
Financial income, net			2,166
Profit before income taxes			919

(*) Cost of sales is substantially comprised of costs incurred by the online sales segment.

(US Dollars)

NOTE 22 - OPERATING SEGMENTS (CONT.):

For the year ended December 31, 2023:

	Online sales	Other operations	Total
Segment revenue	13,548	109	13,657
Selling, marketing and distribution expenses	9,700	1,207	10,907
Research and development expenses	-	1,796	1,796
General and administrative expenses	850	2,228	3,078
Segment operating profit (loss)	1,417	(5,220)	(3,803)
Financial expense, net			(231)
Loss before income taxes			(4,034)

(*) Cost of sales is substantially comprised of costs incurred by the online sales segment.

The tables set forth other information of the Group:

As of December 31, 2024:

	Online sales	Other operations	Total
Segment assets	8,152	1,078	9,230
Segment liabilities	262	1,976	2,238

As of December 31, 2023:

	Online sales	Other operations	Total
Segment assets	4,021	2,919	6,940
Segment liabilities	244	2,310	2,554

NOTE 23 - INVESTMENT IN SUBSIDIARIES:

Summarized financial information of the joint company Sky Global, which is a subsidiary of the Company with a significant non-controlling interest, is as follows:

	December 31, 2024	December 31, 2023
	(US Dollar in thousands)	
Current assets	8,109	3,983
Non-current assets	43	38
Current liabilities	262	244
Non-current liabilities	3,251	3,069
Equity	4,639	708

	Year ended December 31, 2024	Year ended December 31, 2023
	(US Dollar in thousands)	
Revenues	29,399	13,548
Net profit for the year	3,931	1,129
Cash flows from operating activities	2,205	341
Cash flows used in investing activities	(11)	(11)
Cash flows from financing activities	182	51
Net increase in cash and cash equivalents	2,376	381

NOTE 24 - SUBSEQUENT EVENTS:

1. On March 7, 2025, the Company closed a non-brokered private placement offering of a debenture unit of the Company (the "Debenture Unit") to its largest shareholder, Tamar Innovest Ltd. ("Tamar Innovest") for gross proceeds of $1,000,000 (the "Offering"). The Debenture Unit consists of: (a) one secured convertible debenture of Innocan in the principal amount of $1,000,000 (the "Debenture") and (b) 5,555,555 common share purchase warrants (each, a "Warrant"). The Debenture matures two years from the date of issuance (the "Maturity Date"), will bear interest at the rate of 10% per annum and is convertible into common shares of Innocan ("Common Shares") prior to the Maturity Date at a price of CAD 0.21 per share (based on a foreign exchange rate on the day prior to the date of conversion). Each Warrant is exercisable into one Common Share at a price of CAD 0.26 for a period of four years from the date of issuance.

2. The consolidated financial statements were approved for filing by the Board of Directors on March 31, 2025.