

CANNIBBLE FOOD-TECH LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

CANNIBBLE FOOD-TECH LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

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Independent Auditors' Report to the Shareholders of CANNIBBLE FOOD-TECH LTD.

We have audited the accompanying consolidated statements of financial position of CANNIBBLE FOOD-TECH LTD. and its subsidiaries ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of comprehensive loss, changes in shareholder's equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1b of the consolidated financial statements, which indicates that the Company's ability to consummate its plans in connection with increasing the volume of current CBD activity and continue the development of its THC products, is dependent on its ability to continue to finance its activities by raising additional funds. As stated in Note 1b, these conditions, along with other matters as set for in Note 1b, indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our opinion is not qualified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis for the year ended December 31, 2021.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Tel Aviv 03-6386868	Jerusalem 02-6546200	Haifa 04-8680600	Beer Sheva 077-7784100	Bnei Brak 073-7145300	Kiryat Shmona 077-5054906	Petah Tikva 077-7784180	Modiin Ilit 08-9744111	Nazrat Ilit 04-6555888
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Main office: Beit Amot BDO, 48 Menachem Begin Road, Tel Aviv, 6618001 **Email:** bdo@bdo.co.il **Website:** www.bdo.co.il

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



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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, 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 consolidated 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 Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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.

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- 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 consolidated 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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company 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.

The engagement partner on the audit resulting in this independent auditor's report is Tomer Fromovich.

Tel-Aviv, Israel

29 April 2022

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

Tel Aviv	Jerusalem	Haifa	Beer Sheva	Bnei Brak	Kiryat Shmona	Petah Tikva	Modiin Ilit	Nazrat Ilit
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CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands of US Dollars)

		December 31,	
		2021	2020
	Note	US\$ in thousands	
CURRENT ASSETS:			
Cash and cash equivalents	4	694	304
Trade accounts receivable		13	10
Prepays and other receivables	5	209	48
Restricted cash	6	39	16
Inventory	7	-	99
Total current assets		955	477
NON CURRENT ASSETS:			
Fixed assets	8	26	-
		26	-
TOTAL ASSETS		981	477
CURRENT LIABILITIES:			
Trade accounts payable		56	47
Other accounts payable	9a	106	477
Warrants		24	-
Total current liabilities		186	524
NON-CURRENT LIABILITIES:			
Convertible loan	10	-	149
Other accounts payable	9b	952	
Total non-current liabilities		952	149
Total liabilities		1,138	673
SHAREHOLDERS' EQUITY (DEFICIENCY):			
Share capital	13	61	13
Additional paid in capital		3,283	1,176
Reserve from share-based payment transactions		45	-
Accumulated deficit		(3,546)	(1,385)
Total shareholders' equity (deficiency)		(157)	(196)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		981	477

April 29, 2021

Date of approval of the
financial statements

Yoav Bar Yosef
Chief Executive officer

Uri-Ben-Or, CPA, MBA
Chief Financial Officer

Uri Ben-Or
Chief Financial officer

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

CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands of US Dollars except share and per share data)

	Note	For The Year Ended	
		December 31,	December 31,
		2021	2020
		US\$ in thousands	
Revenues from consulting services		107	64
Revenues from sale of goods		114	32
Total Revenues		221	96
Cost of Revenues – consulting services		26	14
Cost of Revenues - sale of goods		160	42
Total Cost of revenues		(186)	(56)
Gross Profit		35	40
Operating expenses:			
Selling and marketing expenses	14	632	265
Research and development expenses	15	300	240
General and administrative expenses	16	826	191
Total operating expenses		(1,758)	(696)
Operating loss		(1,723)	(656)
Financial expenses	17a	(457)	(3)
Financial income	17b	19	4
Total Finance expenses		(438)	1
Net loss and comprehensive loss for the year		(2,161)	(655)
Basic and diluted loss per share (*)		(0.12)	(0.04)
Weighted average number of shares outstanding used to compute basic and diluted loss per share (*)		18,777,159	18,402,160

(*) After giving effect to the Bonus shares (See Note 13d).

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

CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(In thousands of US Dollars)

	Number of Shares	Ordinary share capital amount	Additional paid in capital	Reserve from share-based payment transactions	Accumulated deficit	Total
Balance at January 1, 2020	<u>18,225,832</u>	<u>12</u>	<u>910</u>	<u>-</u>	<u>(730)</u>	<u>192</u>
Changes during 2020:						
Issuance of common shares, net	451,192	1	266	-	-	267
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(655)</u>	<u>(655)</u>
Balance at December 31, 2020	<u>18,677,024</u>	<u>13</u>	<u>1,176</u>	<u>-</u>	<u>(1,385)</u>	<u>(196)</u>
Changes during 2021:						
Share-based payments	-	-	-	38	-	38
Share bonus	-	38	(38)	-	-	-
Issuance of shares to Amuka	26,882	(*)	13	7	-	20
Issuance of shares via Frontfunder	160,936	(*)	80	-	-	80
Issuance of shares to related parties	234,886	(*)	216	-	-	216
Issuance of shares to Amuka	26,882	(*)	19	-	-	20
Issuance of common shares from conversion of convertible loan	2,594,789	8	1,818	-	-	1,826
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,161)</u>	<u>(2,161)</u>
Balance at December 31, 2021	<u>21,721,399</u>	<u>61</u>	<u>3,283</u>	<u>45</u>	<u>(3,546)</u>	<u>(157)</u>

(*) Represent amount lower than 1 US Dollar.

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

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

	For The year ended December 31, 2021	For The year ended December 31, 2020
	<u>US\$ in thousands</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss and comprehensive loss for the period	(2,161)	(655)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1	-
Change in fair value of convertible loan	392	-
Share based payment	45	-
Increase in trade and other accounts receivable	(125)	(15)
Decrease (increase) in inventory	99	12
Increase in trade accounts payable	9	3
Increase (decrease) in other accounts payable	752	466
Net cash used in operating activities	<u>(988)</u>	<u>(189)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(27)	-
Deposit to restricted cash	(23)	11
Net cash provided by (used in) investing activities	<u>(50)</u>	<u>11</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of units, net	88	267
Convertible loan	1,286	149
Net cash provided by financing activities	<u>1,374</u>	<u>416</u>
Effects of exchange rate changes on cash and cash equivalents	54	-
Net Increase in cash and cash equivalents	390	238
Cash and cash equivalents at the beginning of the period	<u>304</u>	<u>66</u>
Cash and cash equivalents at the end of the period	<u><u>694</u></u>	<u><u>304</u></u>

APPENDIX A – NON-CASH ACTIVITIES:

Issuance of common shares units against restricted cash	40	-
Convertible loan conversion to shares.	1,826	-

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

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 1: NATURE OF BUSINESS, GOING CONCERN AND IMPACT OF COVID-19

a. Nature of business

Cannibble Food-Tech Ltd. (the “Company”, the “Group”, or “Cannibble”) was incorporated on August 14, 2018 in Israel and commenced operations in May 2018. Cannibble is a cannabis food tech company that develops and manufactures cannabis infused edibles with powder-mix products that are enhanced variously with hemp seeds, hemp protein, hemp seed oil, cannabidiol (“CBD”) and tetrahydrocannabinol (“THC”) where legal to do so. The product range includes powdered food mixes, beverages, nutritional supplements, spices and a special line of products for athletes, infused with cannabinoids and hemp protein, for the wellness, health and recreational markets.

The Company has developed its own knowledge and filed a provisional patent in the United States during January 2021.

The Company’s registered address and principal place of business is 40th Carmel Street, Roash ha'ayin, Israel.

The accompanying consolidated financial statements include the accounts of Cannibble and its wholly-owned subsidiary, EAZY Tech Inc ("EAZY"). All intercompany transactions between the Company and its subsidiary have been eliminated upon consolidation.

EAZY was incorporated on May 23, 2019 under the laws of the State of Delaware and has been the marketing and distribution branch of the Company in the U.S. edibles and cannabis market since June 2020.

On March 3, 2022, the company listed as a reporting issuer on the CSE.

The financial statements were approved by the Board of Directors on 29 /04/2022

b. Going concern

During the year ended December 31, 2021, the Company incurred a loss of \$2,161 and negative cash flows from operating activities of \$1,173 and as of December 31, 2021 has an accumulated deficit of \$3,546. During the period ended on December 31, 2021, the Company raised a total amount of \$1,286 (approximately \$1,607 CAD), under a convertible loan agreement.

The Company's ability to consummate its plans in connection with increasing the volume of current CBD activity and to continue the development of its THC products, is dependent upon its ability to continue to finance its activities by raising additional funds. As a result, there is material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

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

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

NOTE 1: NATURE OF BUSINESS, GOING CONCERN AND IMPACT OF COVID-19 (Cont.)

c. Impact of COVID-19

The ongoing impact of COVID-19 may have a negative effect on our business, financial condition, and results of operations. Since December 31, 2019, governments worldwide have been enacting emergency measures to combat the spread of COVID-19. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness and restrictions have closed down dispensaries in North America and other points-of-sales such as kiosks, convenience shops, and others.

The development and operation of our business plan is dependent on labor inputs and governmental approvals, which could be adversely disrupted by the ongoing impact of COVID-19 and it is difficult to predict how this virus may affect our business in the future, including the effect it may have on demand for our products. Currently, we have:

- Reduced expenses on flights and overseas stays which resulted in reduced monthly expenditures;
- Shifted our focus from retail sales to e-commerce;
- Invested in digital marketing and online campaigns to promote the Company's business; and
- Utilized the time to develop new products that will be launched when the markets re-open.

While the roll out of several vaccines has begun in the United States, Canada, the United Kingdom and Israel, and a number of other promising vaccines are in development, it remains possible the COVID-19 virus could have a material adverse effect on our business, financial condition and results of operations.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board ("IASB"). The financial statements have been prepared under the historical cost convention,, except for financial instruments which are measured at fair value through profit or loss.

The Company has elected to present profit or loss items using the "function of expense" method. In addition, these consolidated financial statements are presented in US dollars and all currency amounts have been recorded to the nearest thousand, unless otherwise indicated.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Foreign currency

The financial statements are prepared and presented in U.S. Dollars, the Company's functional currency.

Transactions and balances in foreign currencies are converted into U.S. Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates".

Transactions and balances have been converted as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the statements of the financial position date.
- Expense items – at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange used to convert the related statements of financial position items i.e. at the time of the transaction. Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive income.

c. Cash and cash equivalents

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

d. Inventories

Inventories are initially recognized at cost, and subsequently 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. Weighted average cost is used to determine the cost of ordinarily interchangeable items. A provision is made to reduce excess and obsolete inventories to net realizable value.

e. Research and development expenses, net of participations:

Research and development expenses are recognized in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the Company's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

asset; and the Company's ability to measure reliably the expenditure attributable to the intangible asset during its development. Since the Company's research and development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals are not normally satisfied and, therefore, development expenditures are recognized in profit or loss when incurred.

f. Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenues from the sale of goods are recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the product.

Revenues from services are recognized at the point in time when control of the asset is transferred to the customer, generally upon the provision of the service.

All of the company's customers are from the US.

Major customers over 10% of the Company's revenues:

	For the year ended December 31 2021	For the year ended December 31 2020
Customer A	48%	67%
Customer B	52%	33%

g. Financial instruments

Financial assets

The Company classifies its financial assets based upon the business model for managing the financial asset and its contractual cash flow characteristics.

The Company's financial assets are all classified as amortized cost as they arise principally from the provision of goods and services to customers (e.g. trade accounts receivable) or where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g. Financial instruments (Cont.)

Financial Liabilities

The Company classifies its financial liabilities, including trade accounts payable and other accounts payable, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

The convertible note (see also Note 10) is measured at fair value through profit or loss.

The warrants (see also Note 13f) is measured at fair value through profit or loss

De-recognition

The Company 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.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence of impairment of financial assets carried at amortized cost. The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. As of the reporting date, no provision has been made for doubtful debts

Write-off policy

The Company writes off its financial assets if any of the following occur:

- Inability to locate the debtor.
- Discharge of the debt in a bankruptcy.
- It is determined that the efforts to collect the debt are no longer cost effective given the size of receivable.

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

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Loss per share:

Loss per share is calculated by dividing the net loss attributable to owners of the Company by the weighted number of ordinary shares outstanding during the period. Basic loss per share only includes shares that were actually outstanding during the period. Potential ordinary shares (convertible securities such as employee options) are only included in the computation of diluted loss per share when their conversion decreases earnings per share or increases loss per share from continuing operations. Further, potential ordinary shares that are converted during the period are included in the diluted loss per share only until the conversion date, and since that date they are included in the basic loss per share.

i. 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:

- In the principal market for the asset or liability, or
- 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 Company.

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.

When there are no quoted prices in active markets for identical assets or liabilities, the Company 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.

Classification by fair value hierarchy

Assets and liabilities measured 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). |

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 3: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUPMTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Company's earnings and financial position is convertible loan valuation. (see Note 10).

NOTE 4: - CASH AND CASH EQUIVALENTS

	December 31,	
	2021	2020
	US\$ in thousands	
Cash	65	304
Short term deposits	629	-
Total	<u>694</u>	<u>304</u>

NOTE 5: - PREPAIDS AND OTHER RECEIVABLES

	December 31,	
	2021	2020
	US\$ in thousands	
Government authorities	4	3
Prepaid expenses and other	205	45
Total	<u>209</u>	<u>48</u>

NOTE 6: RESTRICTED CASH

The Company's restricted cash is mainly a guarantee to the credit cards liability in the banks in total sum of \$39 for December,31 2021 and in total sum of \$16 for December, 31 2020.

NOTE 7: INVENTORY

	December 31,	
	2021	2020
	US\$ in thousands	
Finished goods	-	76
Raw materials	-	23
Total	<u>-</u>	<u>99</u>

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

NOTE 8:- EQUIPMENT, NET

December 31, 2021:			
	<u>Equipment</u>	<u>Computers</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	-	-	-
Additions	25	2	27
Balance at December 31, 2021	25	2	27
Accumulated depreciation:			
Balance at January 1, 2021	-	-	-
Additions	(1)	*	(1)
Balance at December 31, 2021	(1)	*	(1)
Depreciated cost at December 31, 2021	24	2	26

(*) Represent amount lower than 1 US Dollar.

NOTE 9: OTHER ACCOUNTS PAYABLES

a. OTHER ACCOUNTS PAYABLES – short term

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>US\$ in thousands</u>	
Accrued expenses (*)	97	474
Other	9	3
Total	106	477

b. OTHER ACCOUNTS PAYABLES – long term

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>US\$ in thousands</u>	
Accrued expenses (*)	952	-

(*) See also note 19.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 10: CONVERTIBLE NOTE

In December 2020, the Company signed a financing in Israel pursuant to which it raised \$190 CAD (approximately \$149) through the issuance of convertible 8% notes (the "Notes").

If the Company completes an initial public offering and/or the listing of its shares on the Canadian Securities Exchange (a "Listing Event") at any time prior to December 31, 2021, which may be extended to June 30, 2022, at the noteholder's discretion (the "Maturity Date"), the Notes principal, together with all accrued interest, will automatically convert, immediately prior to the Listing Event, into Cannibble Shares at a conversion price per share equal to the lower of: NIS 7.5 (pre- Share Bonus, NIS 1.875 post-Share Bonus) (approximately CAD \$2.96 pre-Share Bonus, CAD \$0.74 post-Share Bonus), or the price of the Company's Shares as provided in the transaction documents of the Listing Event (the "Listing Share Price"). If no Listing Event is consummated prior to the Maturity Date, then the Notes will be converted into Cannibble Shares at a price per Share reflecting a company valuation of US\$ 10 million, on a fully diluted basis. In addition, at conversion of the loan upon a Listing Event, certain investors associated with the convertible note offering will be entitled to receive an additional one warrant, for each share converted, to acquire shares of the Company at an exercise price equal to 150% of the Listing Share Price for a period of 18 months.

On March 25, 2021, the Company increased the amount of the convertible notes and raised an additional amount of approximately \$1,607 CAD (approximately \$1,286) through the issuance of a convertible note (the "Note").

On December 31, 2021 as a result of the conversion of the notes, the Company revaluated the fair value of the said note at CAD\$2,326 (approximately \$1,826).

The fair value was calculated using the present net value method, on the following assumptions:

	<u>December 31, 2021</u>
Risk-free interest rate (%)	0.19
Underlying Share Price (CAD \$)	0.65
IPO scenario (%)	90.0
Non-IPO scenario (%)	7.5

As a result, the Company recorded an amount of \$392 as revaluation expenses under the line item financial expenses in the statement of other comprehensive loss.

On December 31, 2021, the Corporation issued 2,594,789 shares as a result of a conversion of the principal and 8% interest on the Notes.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 10: CONVERTIBLE NOTE (cont.)

As the Notes were denominated in a currency other than the Company's functional currency and would result in the issuance of a variable number of shares, the entire instrument was designated at FVTPL. According to IFRS 9, changes in the fair value of financial liabilities which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in profit or loss.

The Company categorized the entire instrument within Level 3 of the fair value hierarchy as set by IFRS 13.

NOTE 11: COMMITMENTS AND CONTINGENCIES

On November 2020, Asaf Porat, one of the founders, filed a lawsuit against the Company regarding a violation of labor conditions. The total amount of the claim is 312 NIS (approximately \$97). As of December 31, 2021, the Company's management, and its legal advisors indicate that it is not probable that a significant liability will arise.

On January 12, 2022, the Corporation and Asaf Porat agreed to settle the litigation brought by Mr. Porat against the Corporation for an immaterial amount ..

NOTE 12: FINANCIAL INSTRUMENTS

a. Classification of financial assets and liabilities:

	December 31,	
	2021	2020
	US\$ in thousands	
Financial assets at amortized cost:		
Cash and cash equivalents	694	304
Trade accounts receivable	13	10
Restricted cash	39	16
	<u>746</u>	<u>330</u>
Financial liabilities at amortized cost:		
Trade accounts payable	56	47
Other accounts payable	1,058	477
	<u>1,114</u>	<u>524</u>
Financial liabilities at fair value:		
Convertible loan	-	149
Warrants	24	-
	<u>24</u>	<u>-</u>
Total Financial liabilities	<u>1,138</u>	<u>673</u>

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 12: FINANCIAL INSTRUMENTS (cont.)

b. Financial risk factors:

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

Risk management is performed by the Company's Board. The Board identifies, measures and manages financial risks in collaboration with the Company's operating units. The Board establishes documented objectives for the overall risk management activities as well as specific policies with respect to certain exposures to risks such as exchange rate risk, interest rate risk, credit risk, the use of non-derivative financial instruments and the investments of excess liquid positions.

Credit risk:

The Company has no significant concentrations of credit risk. All deposits are invested in financial institutions that are considered to be financially sound.

Foreign currency risk:

The Company has financial instruments denominated in NIS and CAD, which are exposed to foreign exchange risk. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Assets:	December 31, 2021			
	US\$ in thousands			
	CAD	US\$	NIS	Total
Cash and cash equivalents	-	55	639	694
Restricted Cash	-	-	39	39
	-	55	678	733
Liabilities:	December 31, 2021			
	US\$ in thousands			
	CAD	US\$	NIS	Total
Trade accounts payable	-	-	56	56
Other accounts payable	-	952	106	1,058
warrants	24	-	-	24
	24	952	162	1,138

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

NOTE 12:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risk factors (Cont):

Assets:	December 31, 2020			
	US\$ in thousands			
	CAD	US\$	NIS	Total
Cash and cash equivalents	-	-	304	304
Restricted Cash	-	-	16	16
	-	-	320	320

Liabilities:	December 31, 2020			
	US\$ in thousands			
	CAD	US\$	NIS	Total
Trade accounts payable	-	-	47	47
Other accounts payable	-	-	477	477
Convertible loan	-	-	149	149
	-	-	673	673

Sensitivity analysis

A 10% strengthening of the United States Dollar against the following currencies would have increased (decreased) equity and the income statement 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 the profit and other equity.

	2021	2020
Linked to NIS	678	320
	10%	10%
	(67.8)	(32)

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

NOTE 12:- FINANCIAL INSTRUMENTS (Cont.)

c. 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 Company has procedures to minimize such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. As of the balance sheet date, the Company has positive working capital.

The following tables details the Company's remaining contractual maturities for its financial liabilities based on the undiscounted cash flows at the earliest date on which the Company can be required to pay.

December 31, 2021:

	<u>Less than one year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
USD in thousands							
Trade payables	56	-	-	-	-	-	56
Other payables	106	952	-	-	-	-	1,058
	<u>162</u>	<u>952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,114</u>

December 31, 2020:

	<u>Less than one year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
USD in thousands							
Trade payables	47	-	-	-	-	-	47
Other payables	477	-	-	-	-	-	477
Convertible loan	149	-	-	-	-	-	149
	<u>673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>673</u>

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 13: -EQUITY

- a. Rights attached to shares:
An ordinary share confers upon its holder(s) a right to vote at the general meeting, a right to participate in distribution of dividends, and a right to participate in the distribution of surplus assets upon liquidation of the Company.
- b. On August 10, 2020 the Company completed its third round of crowdfunding (the "Third Round") via the platform of PipelBiz, a Brokered Private Placement. The Company issued 451,192 Ordinary shares in consideration of a total gross amount of 1,058 NIS (approximately 310\$), Issuance expenses amounted to 150 NIS (approximately 44\$).

On February 11, 2021 the Company entered to a finder's fee agreement with Exiteam Capital Partners Ltd., an Israeli venture capital firm. Exiteam was responsible for raising the Company's convertible note. As compensation for introducing Israeli investors who invest in Cannibble, the Company has agreed to pay Exiteam a cash commission equal to 8% of the amount invested by such investors and issue to Exiteam share purchase warrants ("Exiteam Warrants") to purchase shares of the Company equal to 8% of the number of shares issued to investors introduced by

- c. Exiteam. The Exiteam Warrants are exercisable, subject to a listing on a Canadian stock exchange, for a period ending on the earliest of: the listing of the Company's shares on a Canadian stock exchange, a change of control of Cannibble; or 36 months from the issuance of the Exiteam Warrants. Upon completion of the recruitment of the convertible note, 193,142 warrants were given to the Company's service provider. The valuation of the warrants was set at fair value according to the date of grant' and amounted to \$33.

The fair value was calculated using the Black Scholes, model, with a probability of 30%, based on the following assumptions:

	<u>September 30, 2021</u>
Expected volatility (%)	122
Risk-free interest rate (%)	0.18
Underlying Share Price (CAD \$)	0.93
Conversion Price (CAD \$)	0.74

(*) based on comparable companies from the industry.

The fair value of the warrants was of \$33.

As additional compensation, if Exiteam introduces investors who invest more than CAD\$1,000 (Approximately \$800) Exiteam will be entitled to an additional bonus of CAD\$50 payable in free tradeable shares subject to a listing. CAD\$50 (approximately \$40) has been recognized in general and administrative expenses for the year ended December 31, 2021 and CAD\$50 (approximately \$40) has been included in other accounts payable, as a contingent liability.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 13:- EQUITY (Cont.)

- d. On March 31, 2021, the Company authorized the Bonus of its Shares on a one for four basis. The number of shares reflected throughout the consolidated financial statements are on a pre-bonus basis.
- e. On April 15, 2021, the Company issued 26,882 ordinary shares to Amuka Capital Corp., an advisor or services. The Company also issued Amuka warrants exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD\$1.40. At the time of grant, the value of these shares and warrants is 13\$ (approximately CAD\$16) and 7\$ (approximately CAD\$9), respectively.
- f. On July 5, 2021, the Company completed an offering of units ("Units") of its securities through Frontfundr Financial Services Inc. ("Frontfundr"), a Canadian equity crowd-funding platform and exempt market dealer. Each Unit was priced at CAD\$0.93 and comprised one ordinary share and one share purchase warrant exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD\$1.40. The Corporation issued a total of 160,936 Units for gross proceeds of CAD\$ 149.6, pursuant to available prospectus exemptions. Pursuant to the agency agreement the Company signed with Frontfundr in November 2020, it issued 7,415 share purchase warrants to Frontfundr. Each of the Frontfundr warrants is exercisable for period of 3 years from the date of issuance to acquire one ordinary share at an exercise price of CAD\$1.4.

Since the warrants have an exercise price denominated in a different currency (Canadian Dollars) than the functional currency of the Company (US Dollars), these warrants are recorded at their fair value as a derivative liability.

The warrants fair value was calculated using the Black Scholes model, based on the following assumptions:

	July 5, 2021
Expected volatility (%)	130.07
Risk-free interest rate (%)	0.24
Underlying Share Price (CAD \$)	0.62
Conversion Price (CAD \$)	1.4

The fair value of the warrants was of \$40 (approximately CAD\$ 49)

As for December 31, 2021 the fair value of said warrants is \$24

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 13:- EQUITY (Cont.)

For the period ended December 31, 2021 the movement on level 3 fair value hierarchy as set by IFRS 13 was 16\$ thousand that have been recognize as a financial expenses through profit and loss.

The fair value of the warrants issued to FrontFundr under the agency agreement was calculated using the Black Scholes model, based on the following assumptions:

	<u>July 5, 2021</u>
Expected volatility (%)	118.11
Risk-free interest rate (%)	0.45
Underlying Unite Price (CAD \$)	0.93
Conversion Price (CAD \$)	0.93

The fair value of the Frontfundr warrants was \$5. (approximately CAD\$ 6)

- g. On December 22, 2021, the Corporation issued 26,882 shares to an advisor for consulting services provided. The fair value of the said services was CAD\$25 (approximately \$19).
- h. On December 29, 2021, The Corporation effected Debt Conversion, pursuant to which it issued the following shares to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner in consideration for the cancellation of part of the debt owed to them on account of accrued salary.

Mr. Yoav Bar-Joseph – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of \$63 (approximately CAD\$81) converted at CAD\$ 0.93 per share.

Mr. Elad Barkan – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of \$63 (approximately CAD\$81) converted at CAD\$ 0.93 per share.

Mr. Ziv Turner – issuance of 61,338 Ordinary Shares of the Corporation in exchange for a debt of \$46 (approximately CAD\$57) converted at CAD\$ 0.93 per share.

As part of the Debt Conversion, Ziv Turner converted an additional \$43(approximately CAD\$53) of accrued debt owing to him which was applied to the ordinary shares held by another holder of builder shares to increase their cost base to CAD\$0.02 per share.

- i. On December 31, 2021, the Corporation issued 2,594,789 shares as a result of a conversion of the principal and 8% interest on the Notes that were issued to 35 investors in March 2021.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 13:- EQUITY (Cont.)

	Number of shares as of December 31, 2020	
	Authorized	Issued and outstanding
Common shares with a par value of NIS 0.01	<u>1,000,000,000</u>	<u>*18,677,024</u>

* updated retroactive on a one for four basis (note 13d)

	Number of shares as of December 31, 2021	
	Authorized	Issued and outstanding
Common shares with a par value of NIS 0.01	<u>1,000,000,000</u>	<u>21,721,399</u>

Share activity	Issued and outstanding December 31, 2020
Balance – Beginning of Period	*18,225,832
On August 10, 2020 PipelBiz Private Placement (note 13b)	*451,192
Balance – End of Period	*18,677,024

* updated retroactive on a one for four basis (note 13)

Share activity	Issued and outstanding December 31, 2021
Balance – Beginning of Period	18,677,024
April 15, 2021 ordinary shares to Amuka Capital Corp (note 13e)	26,882
July 5, 2021 ordinary shares to private investors (note 13f)	160,936
December 22, 2021, issued shares to Amuka Capital Corp (note 13g)	26,882
December 29, 2021 Yoav Bar-Joseph, Elad Barkan and Ziv Turner (note 13h)	234,886
December 31, 2021, CLA conversion (note 13i)	2,594,789
Balance – End of Period	21,721,399

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

OTE 13:- EQUITY (Cont.)

Warrants treated under IFRS 2 as at December 31, 2021 are as follows:

	The year ended December 31, 2021	
	Number of warrants	Weighted average exercise price (CAD)
Warrants outstanding at beginning of period	-	-
Granted	195,233	1.38
Exercised	-	-
Warrants outstanding at end of period	195,233	1.38
Exercisable warrants	-	-

NOTE 14: Selling and marketing expenses:

	Year ended December 31,	
	2021	2020
	US\$ in thousands	
Salaries and related expenses	259	141
Professional services	127	121
Travel abroad	58	-
Other	188	3
Total	632	265

NOTE 15: Research and development expenses:

	Year ended December 31,	
	2021	2020
	US\$ in thousands	
Salaries and related expenses	297	231
Travel abroad	-	5
Other	3	4
Total	300	240

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 16: General and administrative expenses:

	Year ended December 31,	
	2021	2020
	US\$ in thousands	
Salaries and related expenses	174	35
Professional services	381	150
Other	271	6
Total	826	191

NOTE 17: Financial (income) and expense:

	Year ended December 31,	
	2021	2020
	US\$ in thousands	
. Financial expenses		
Foreign exchange gains and losses	54	-
Convertible loan revaluation	392	-
Other	11	3
Total	457	3
. Financial income		
Warrants revaluation	(19)	(4)
Total financial (income) expenses	438	(1)

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 18: TAXES ON INCOME

- a. corporate tax rates in Israel:
The Israeli corporate tax rate in n 2020 and 2021 was 23%.
- b. Final tax assessments:
The Company did not received final tax assessments since inception.
- c. Deferred taxes:
The Company did not recognize deferred tax assets for carryforwards losses and other temporary differences because their utilization in the foreseeable future is not probable.

	Year ended December 31, 201	Year ended December 21, 2020
Loss before taxation	(2,161)	(655)
Theoretical tax credit at applicable statutory 2021 and 2020: 23%	(497)	(151)
Non allowable expenses	11	-
Temporary differences and tax losses for which no DTA is recognized	486	151
Income tax benefit	-	-

- d. Current taxes:
The Company did not record any current taxes for the years ended December 31, 2020 and 2021 as it is still incurring losses on an ongoing basis.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 19:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

- a. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personnel. Transactions with related parties, if any, are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties.

b. Payable related parties:

Related Party	Nature	For the year ended December 31, 2021	For the year ended December 31, 2020
		(US\$ in thousands)	
Elad Barkan – CTO, Director & shareholder & founder	Salary fees (*)	317	140
Ziv Turner- VP BUSNISS, Director & shareholder & founder	Salary fees (*)	317	140
JOAV BAR JOSEPH – CEO, Director & shareholder & founder	Salary fees (*)	317	140

- c. **The following transactions arose with related parties:**
Transactions- expenses

	For the year ended December 31,	
	2021	2020
	(US\$ in thousands)	
Fees to CEO, CTO & VP BUSNISS (*)	622	432
Fees paid to Apologens LTD (1)	5	-
Fees to CFO	33	-

- (*) Due to a board of directors, the three founders employees shall receive a salary of 20 \$ a month from June 2020. As for December 31, 2020 this amount is a part of accrued expenses (see note 9). The Company and the founders reached an agreement that the Company has the option to convert the debt into shares at a value on the day of the conversion, in case there is not enough money to repay the debt.

- (1) A company in which, Ziv Turner, a director and shareholder receive consulting fees

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 19: BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont).

- d. On December 29, 2021, in connection with the Corporation's efforts to become a reporting issuer and seek a listing on the CSE, the Corporation effected the Debt Conversion, pursuant to which it issued the following shares to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner in consideration for the cancellation of part of the debt owed to them on account of accrued salary. (N13 oteh)

NOTE 20: 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, 2021. There are no externally imposed restrictions on the Group's capital.

NOTE 21: SUBSEQUENT EVENTS

On January 20, 2022, Asaf Porat paid \$43 (approximately CAD\$53) to Cannibble (the "Porat Payment") as an additional subscription amount for his founder's shares, as a result of which the average cost base of his Ordinary Shares was increased to CAD\$0.02.

On February 10th The Corporation announced that it received the conditional approval from the Canadian Securities Exchange (the "**Exchange**") for the listing of its ordinary shares (the "**Listing**"). The Listing was subject to the Corporation fulfilling all the listing requirements of the Exchange.

On March 3rd the corporation announced that the Company's ordinary shares (the "**Shares**") have received final approval for listing from the Canadian Securities Exchange (the "**CSE**"). The ordinary shares of started trading on March 3rd on the Canadian Securities Exchange under the symbol PLCN. On March 14th the corporation announced that it has received its first commercial order from a leading US-based supermarket chain. The order is for two of Cannibble's recently developed products, The PelicannTM protein brownie mix and The PelicannTM protein chocolate cake mix. The initial order for these products will be sold in seven store locations.

On March 31st the corporation announced that it has received a large reorder from an existing client in Las Vegas, Nevada. The client, a chain with sales points for premium adult frozen drinks infused with hemp ingredients, placed the order for roughly two tons of unique powder mix products developed by Cannibble in five different fruit-flavors infused with hemp ingredients. The reorder announced today comes on the heels of the Company's first commercial order from a leading US-based supermarket chain within the last two weeks. That order was for two of Cannibble's products: The PelicannTM protein brownie mix and chocolate cake mix.