

CANIBBLE FOODTECH LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
AS OF MARCH 31, 2022

UNAUDITED

CANIBBLE FOODTECH LTD.

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NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of Canibble Foodtech Ltd. (the “**Company**”) for the three months ended March 31, 2022, have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated interim financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

Under National Instrument 51-102, part 4, sub-section 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CANIBBLE FOODTECH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION
(In thousands of US Dollars)

| | <u>Note</u> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|---|-------------|-----------------------|--------------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | | 421 | 694 |
| Trade accounts receivable | | 41 | 13 |
| Prepays and other receivables | | 224 | 209 |
| Restricted cash | | 38 | 39 |
| Total current assets | | <u>724</u> | <u>955</u> |
| NON- CURRENT ASSETS: | | | |
| Fixed assets | | 25 | 26 |
| Total non- current assets | | <u>25</u> | <u>26</u> |
| TOTAL ASSETS | | <u>749</u> | <u>981</u> |
| LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | | |
| CURRENT LIABILITIES: | | | |
| Trade accounts payable | | 64 | 56 |
| Other accounts payable | 4 | 135 | 106 |
| Warrants | | 6 | 24 |
| Total current liabilities | | <u>205</u> | <u>186</u> |
| NON- CURRENT LIABILITIES: | | | |
| Other accounts payable | 5 | 1,155 | 952 |
| Total non- current liabilities | | <u>1,155</u> | <u>952</u> |
| Total liabilities | | <u>1,360</u> | <u>1,138</u> |
| SHAREHOLDERS' DEFICIENCY: | | | |
| Share capital | | 61 | 61 |
| Additional paid in capital | | 3,326 | 3,283 |
| Reserve from share-based payment transactions | | 45 | 45 |
| Accumulated deficit | | (4,043) | (3,546) |
| Total shareholders' deficiency | | <u>(611)</u> | <u>(157)</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | <u>749</u> | <u>981</u> |

May 27, 2022
Date of approval of the
financial statements

/s/ Yoav Bar Joseph
Yoav Bar Joseph
CEO

/s/ Uri Ben-Or
Uri Ben-Or
CFO

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

CANIBBLE FOODTECH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF COMPREHENSIVE LOSS
(In thousands of US Dollars)

| | Three months ended March 31, 2022 | Three months ended March 31, 2021 |
|--|--|--|
| Revenues: | | |
| Consulting services | 15 | 16 |
| Sale of goods | 30 | 51 |
| Total revenues | <u>45</u> | <u>67</u> |
| Cost of revenues: | | |
| Consulting services | 7 | 6 |
| Sale of goods | 4 | 19 |
| Total cost of revenues | <u>11</u> | <u>25</u> |
| Gross profit (loss) | <u>34</u> | <u>42</u> |
| Operating expenses: | | |
| Selling and marketing expenses | 175 | 78 |
| Research and development expenses | 78 | 106 |
| General and administrative expenses | 289 | 265 |
| Total operating expenses | <u>542</u> | <u>449</u> |
| Operating loss | (508) | (407) |
| Financial expenses | 7 | 157 |
| Financial income | <u>(18)</u> | <u>-</u> |
| Net loss and comprehensive loss for the period | <u>(497)</u> | <u>(564)</u> |
| | | |
| Basic and diluted loss per share (*) | <u>(0.023)</u> | <u>(0.03)</u> |
| | | |
| Weighted average number of shares outstanding used to compute basic and diluted loss per share (*) | <u>21,721,399</u> | <u>18,677,136</u> |

(*) After giving effect to the Bonus shares.

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

CANIBBLE FOODTECH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(In thousands of US Dollars)

| | Number of Shares | Share capital | Additional paid-in capital | Reserve from share- based payment transactions | Accumulated Deficit | Total |
|---|---------------------|------------------|----------------------------------|--|------------------------|--------------|
| Balance at January 1, 2022 | 21,721,399 | 61 | 3,283 | 45 | (3,546) | (157) |
| Changes during the period: payments upon Shares (note 3d) | - | - | 43 | - | - | 43 |
| Net loss and comprehensive loss for the period | - | - | - | - | (497) | (497) |
| Balance at March 31, 2022 | <u>21,721,399</u> | <u>61</u> | <u>3,326</u> | <u>45</u> | <u>(4,043)</u> | <u>(611)</u> |

| | Number of Shares | Share capital | Additional paid-in capital | Reserve from share- based payment transactions | Accumulated Deficit | Total |
|---|---------------------|------------------|----------------------------------|--|------------------------|--------------|
| Balance at January 1, 2021 | 18,677,136 | 13 | 1,176 | - | (1,385) | (196) |
| Changes during the period: Share-based payments | - | - | - | 33 | - | 33 |
| Net loss and comprehensive loss for the period | - | - | - | - | (564) | (564) |
| Balance at March 31, 2021 | <u>18,677,136</u> | <u>13</u> | <u>1,176</u> | <u>33</u> | <u>(1,949)</u> | <u>(727)</u> |

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

CANIBBLE FOODTECH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(In thousands of US Dollars)

| | Number of Shares | Ordinary share capital amount | Additional paid in capital | Reserve from share-based payment transactions | Accumul ated deficit | Total |
|---|-----------------------------|--|---|--|-------------------------------------|----------------|
| Balance at January 1, 2021 | <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> |

CANIBBLE FOODTECH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF CASH FLOWS
(In thousands of US Dollars)

| | Three months ended March 31, 2022 | Three months ended March 31, 2021 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss for the period | (497) | (564) |
| Adjustments to reconcile net profit to net cash provided by operating activities: | | |
| Depreciation | 1 | - |
| Financial expenses | (18) | - |
| Share-based payments | - | 33 |
| Decrease (increase) in trade and other accounts receivable, net. | (44) | (31) |
| Decrease (increase) in inventory | - | 15 |
| Increase (decrease) in trade accounts payable | 9 | (2) |
| Increase (decrease) in other accounts payable | 233 | 235 |
| Net cash used in operating activities | <u>(316)</u> | <u>(314)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Advanced payment for fixed assets | (1) | (25) |
| Withdraw to restricted cash | 1 | 1 |
| Net cash used in investing activities | <u>-</u> | <u>(24)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Convertible loan | - | 1,286 |
| payments upon Shares (note 3d) | 43 | - |
| Net cash provided by financing activities | <u>43</u> | <u>1,286</u> |
| Net increase (decrease) in cash and cash equivalents | (273) | 948 |
| Cash and cash equivalents at beginning of the period | 694 | 304 |
| Cash and cash equivalents at the end of the period | <u>421</u> | <u>1,252</u> |

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

CANIBBLE FOODTECH LTD.
NOTES TO THE UNAUDITED CONDENSED INTERIM 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 food tech company that develops and manufactures food and beverages powder-mix products that are enhanced variously with hemp seeds, hemp protein, hemp seed oil, active and non active cannabinoids 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. market since June 2020. EAZY TECH is currently selling and distributing only products that are enhanced with hemp seeds, hemp protein and hemp seed oil.

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

b. Going concern

During the period ended March 31, 2022, the Company incurred a loss of \$497 and negative cash flows from operating activities of \$316 and as at March 31, 2022 has an accumulated deficit of \$4,043 .

The Company's ability to consummate its plans in connection with increasing the volume of current activity and to continue the development of its 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

CANIBBLE FOODTECH LTD.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
(In thousands of US Dollars)

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

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.

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.

CANIBBLE FOODTECH LTD.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
(In thousands of US Dollars)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended December 31, 2021 and the accompanying notes thereto. Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards have been omitted or condensed.

Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its annual financial statements for the year ended December 31, 2021 except for the policy on share-based payments which was selected based on new transactions during the period.

New and amended standards and Interpretations issued by the IASB that apply for the first this period is not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Share based payments

The Group has a share-based remuneration scheme for service providers. The fair value of share options and performance shares was estimated by using a Black and Scholes model. The model was designed to take into account the unique terms and conditions of the performance shares and share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions.

The fair value of the equity settled options granted is charged to the statement of comprehensive loss over the vesting period of each tranche and the credit is recognized in equity, based on the Group's estimate of shares that will eventually vest.

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2021 (the date on which the Group's next annual financial statements) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

CANIBBLE FOODTECH LTD.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
(In thousands of US Dollars)

NOTE 3 –SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- a. On January 12, 2022, the company entered to a settlement agreement with shareholder Asaf porat. According to the agreement, the company will pay Asaf an amount of NIS 80 thousand (approximately \$25 thousand) to complete all of his demands from the company. In addition, Asaf paid the company an amount of 53,333 CAD to complete the payment for builder share.
- b. On February 28, 2022, the Company entered to market making services agreement with QUESTRADE INC. The terms of the agreement are for one year. QUESTRADE INC will charge the company \$5,500 for one month. according to the agreement, QUESTRADE INC will provide the following services: make two-sided market in the company's traded shares and provide liquidity. Present the company's management with a monthly report of trading activities in the company's shares upon the company's request. Guarantee to limit the difference between bid price and offer price for the company's share to \$0.05. Allocate up to two hundred and fifty thousand CAD dollars of its own capital to provide the services outline above. Guarantee a five thousand share minimum guaranteed fill for the company's share at the price \$0.05.
- c. On March 11, 2022 the Company entered to a consultant agreement with ONTARIO INC. The terms of the agreement will affect for three months. The consultant will charge the company \$22,500 CAD for three month and 150,000 options with the exercise price of 0.93 CAD. According to the agreement, ONTARIO will provide the following services: General consulting include advise investors market perception, identify capital market and solution to the company's problem. Consultant using a verify of social media, enhanced news dissemination, ad hoc services, article white up consultant, create engaging information video outlining the company's various attributes and social media management consulting.
- d. The company has been advised by the CSE and the British Columbia Securities Commission that before it can complete its IPO, all of the company's shareholders who own stock for which the purchase price per share is less than CAD\$0.02 ("**Builder Shares**") must make additional payments to the company so that the cost base of their shares will increased to CAD\$0.02.

NOTE 4- OTHER ACCOUNTS PAYABLE:

| | Three months period ended March 31 2022 | For the year ended December 31, 2021 |
|------------------|--|---|
| Accrued expenses | 126 | 97 |
| Other | 9 | 9 |
| Total | <u>135</u> | <u>106</u> |

CANIBBLE FOODTECH LTD.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
(In thousands of US Dollars)

NOTE 5- RELATED PARTIES AND SHAREHOLDERS:

- 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 | At March 31, 2022 | For the year ended December 31, 2021 |
|---|-----------------|----------------------|---|
| | | (US\$ in thousands) | |
| Elad Barkan – CTO, Director & shareholder & founder | Salary fees (*) | 385 | 317 |
| Ziv Turner-VP BUSNISS, Director & shareholder & founder | Salary fees (*) | 385 | 317 |
| JOAV BAR JOSEPH – CEO, Director & shareholder & founder | Salary fees (*) | 385 | 317 |

(*) Due to a board of directors' resolution, the three founders employees shall receive a salary of \$24 thousands a month from June 2020. As for March 31, 2022 this amount is a part of accrued expenses. 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.

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

| | For the three months ended March 31, 2022 | For the year ended December 31, 2021 |
|------------------------------------|--|---|
| | (US\$ in thousands) | |
| Fees to CEO, CTO & VP BUSINESS (*) | 226 | 622 |
| Fees paid to Apologens LTD (1) | - | 5 |
| Fees to CFO | 19 | 33 |
| Asaf porat (note 3a) | 25 | - |

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