

CANNIBBLE FOODTECH LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
AS OF JUNE 30, 2022

UNAUDITED

CANNIBBLE FOODTECH LTD.

TABLE OF CONTENTS

Notice to Shareholders	3
Unaudited Condensed Interim Consolidated Statements of Financial Position	4
Unaudited Condensed Interim Consolidated Statements of Comprehensive Income	5
Unaudited Condensed Interim Consolidated Statements of Changes in shareholders' equity	6-7
Unaudited Condensed Interim Consolidated Statements of Cash Flows	8
Notes to Unaudited Condensed Interim Consolidated Financial Statements	9

NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of Cannibble Foodtech Ltd. (the “**Company**”) for the six months ended June 30, 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.

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

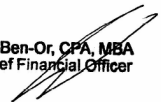
	<u>Note</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		221	694
Trade accounts receivable		63	13
Prepays and other receivables		90	209
Restricted cash		-	39
inventory		74	-
Total current assets		448	955
NON- CURRENT ASSETS:			
Fixed assets		24	26
Total non- current assets		24	26
TOTAL ASSETS		472	981
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
CURRENT LIABILITIES:			
Trade accounts payable		55	56
Other accounts payable	4	109	106
Warrants	6	5	24
Total current liabilities		169	186
NON- CURRENT LIABILITIES:			
Other accounts payable	5	1,250	952
Total non- current liabilities		1,250	952
Total liabilities		1,419	1,138
SHAREHOLDERS' DEFICIENCY:			
Share capital		61	61
Additional paid in capital		3,326	3,283
Reserve from share-based payment transactions		45	45
Accumulated deficit		(4,379)	(3,546)
Total shareholders' deficiency		(947)	(157)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		472	981

August 24, 2022

Date of approval of the
financial statements


Yoav Bar Joseph
CEO

Uri Ben-Or
CFO


Uri Ben-Or, CPA, MBA
Chief Financial Officer

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

CANNIBBLE FOODTECH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF COMPREHENSIVE LOSS

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

	Three months		Six months	
	ended		ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Revenues from consulting services	-	38	15	54
Revenues from sale of goods	26	18	56	69
Total Revenues	26	56	71	123
Cost of Revenues – consulting services	10	5	17	11
Cost of Revenues - sale of goods	16	32	20	51
Total Cost of revenues	26	37	37	62
Gross profit (deficiency)	-	19	34	61
Selling and marketing expenses	230	136	406	214
Research and development expenses	122	41	200	147
General and administrative expenses	72	186	361	451
Operating loss	(424)	(344)	(933)	(751)
Finance income	84	142	84	142
Finance expenses	5	(2)	(1)	(159)
Change in fair value of convertible loan	(1)	(99)	17	(99)
Net loss and comprehensive loss for the period	(336)	(303)	(833)	(867)
Basic and diluted loss per share (*)	(0.015)	(0.02)	(0.038)	(0.05)
Weighted average number of shares outstanding used to compute basic and diluted loss per share (*)	21,721,399	18,703,906	21,721,339	18,703,906

(*) After giving effect to the bonus shares.

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

CANNIBBLE FOODTECH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(In thousands of US Dollars except share and per share data)

	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:						
Payment upon shares (note 3d)	-	-	43	-	-	43
Net loss and comprehensive loss for the period	-	-	-	-	(833)	(833)
Balance at June 30, 2022	<u>21,721,399</u>	<u>61</u>	<u>3,326</u>	<u>45</u>	<u>(4,379)</u>	<u>(947)</u>

	Number of Shares	Share capital	Additional paid-in capital	Reserve from share- based payment transactions	Accumulated Deficit	Total
Balance at January 1, 2021	4,669,256	13	1,176	-	(1,385)	(196)
Changes during the period:						
Bonus Shares	14,007,768	38	(38)	-	-	-
Share-based payments	-	-	-	33	-	33
Issuance of shares to Amuka	26,882	(*)	13	7	-	20
Net loss and comprehensive loss for the period	-	-	-	-	(867)	(867)
Balance at June 30, 2021	<u>18,703,906</u>	<u>51</u>	<u>1,151</u>	<u>40</u>	<u>(2,252)</u>	<u>(1,010)</u>

(*) Represent amount lower than 1 US Dollar.

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

CANNIBBLE FOODTECH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(In thousands of US Dollars except share and per share data)

	Number of Shares	Share capital	Additional paid-in capital	Reserve from share- based payment transactions	Accumulated Deficit	Total
Balance at March 31, 2022	21,721,399	61	3,326	45	(4,043)	(611)
Changes during the period:						
Payments upon shares (note 3d)	-	-	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(336)	(336)
Balance at June 30, 2022	<u>21,721,399</u>	<u>61</u>	<u>3,326</u>	<u>45</u>	<u>(4,379)</u>	<u>(947)</u>

	Number of Shares	Share capital	Additional paid-in capital	Reserve from share- based payment transactions	Accumulated Deficit	Total
Balance at March 31, 2021	18,677,024	13	1,176	33	(1,949)	(727)
Changes during the period:						
Bonus Shares	-	38	(38)	-	-	-
Share-based payments	-	-	-	-	-	-
Issuance of shares to Amuka	26,882	(*)	13	7	-	20
Net loss and comprehensive loss for the period	-	-	-	-	(303)	(303)
Balance at June 30, 2021	<u>18,703,906</u>	<u>51</u>	<u>1,151</u>	<u>40</u>	<u>(2,252)</u>	<u>(1,010)</u>

(*) Represent amount lower than 1 US Dollar.

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

CANNIBBLE FOODTECH LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(In thousands of US Dollars except share and per share data)

	<u>Number of Shares</u>	<u>Ordinary share capital amount</u>	<u>Additional paid in capital</u>	<u>Reserve from share-based payment transactions</u>	<u>Accumulat ed deficit</u>	<u>Total</u>
Balance at January 1, 2021	18,677,024	13	1,176	-	(1,385)	(196)
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	-	-	-	-	(2,161)	(2,161)
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 condensed interim consolidated financial statements.

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

	Six months ended June 30, 2022	Six months ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	(833)	(867)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	2	-
Financial expenses	(19)	-
Change in fair value of convertible loan	-	99
Share-based payments	-	33
Decrease (increase) in trade and other accounts receivable, net.	70	(64)
Decrease (increase) in inventory	(74)	64
Increase (decrease) in trade accounts payable	(1)	2
Increase (decrease) in other accounts payable	301	355
Net cash used in operating activities	(554)	(378)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advanced payment for fixed assets	(1)	(84)
Withdraw to restricted cash	39	(21)
Net cash used in investing activities	38	(105)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Convertible loan	-	1,286
payments upon Shares (note 3d)	43	-
Net cash provided by financing activities	43	1,286
Net increase (decrease) in cash and cash equivalents	(473)	803
Cash and cash equivalents at beginning of the period	694	304
Cash and cash equivalents at the end of the period	221	1,107

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

CANNIBBLE 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 beverage products that are enhanced variously with hemp seeds, hemp protein, and other hemp ingredients, where legal to do so. Cannibble has developed proprietary formulas for food and beverages products that are enhanced with hemp seeds and protein, targeted for the “Better For You” segment. The products are sugar free, dairy free, plant based and non-GMO, and marketed under Cannibble’s brand name “The Pelicann.”

Cannibble has developed over 100 product SKUs, of which 40 have been manufactured to date.

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 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 was listed as a reporting issuer on the Canadian Securities Exchange (“**CSE**”).

b. Going concern

During the period ended June 30, 2022, the Company incurred a loss of \$833 thousand and negative cash flows from operating activities of \$554 thousand and as at June 30, 2022 has an accumulated deficit of \$4,379 thousand .

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

CANNIBBLE 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.

CANNIBBLE 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 time in 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, 2022 (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.

CANNIBBLE 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 CAD\$ 53 thousand to complete the payment for builder share (as define below).
- 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 \$5.5 thousand 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 CAD\$ 22.5 thousand 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 increase to CAD\$0.02.

NOTE 4- OTHER ACCOUNTS PAYABLE:

	Six months period ended June 30	For the year ended December 31,
	2022	2021
Accrued expenses	104	97
Other	5	9
Total	109	106

CANNIBBLE 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 June	For the
		30, 2022	year ended December 31, 2021
(US\$ in thousands)			
Elad Barkan – CTO, Director & shareholder & founder	Salary fees (*)	417	317
Ziv Turner-VP BUSINESS, Director & shareholder & founder	Salary fees (*)	417	317
JOAV BAR JOSEPH – CEO, Director & shareholder & founder	Salary fees (*)	417	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 June 30, 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 June 30, 2022	For the six months ended June 30, 2022	For the year ended December 31,2021
(US\$ in thousands)			
Fees to CEO, CTO & VP BUSINESS (*)	116	342	622
Fees paid to Apologens LTD (1)	-	-	5
Fees to CFO	18	37	33
Asaf porat (note 3a)	-	25	-

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

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

NOTE 6- WARRANTS:

The fair value of share options and performance shares was estimated by using a Black and Scholes model. The fair valuation of the warrants was last conducted on March 2022. According to the management assessment, there was no material change in the fair value for June, 30 2022.