

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

**UNAUDITED**

**CANNIBBLE FOODTECH LTD.**

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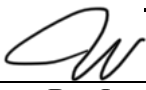
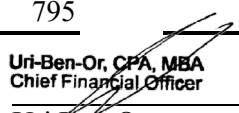
## **NOTICE TO SHAREHOLDERS**

The accompanying unaudited condensed consolidated interim financial statements of Cannibbble Foodtech Ltd. (the “**Company**”) for the nine months ended September 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>September 30,</u> <b>2022</b>	<u>December 31,</u> <b>2021</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		567	694
Trade accounts receivable		63	13
Prepays and other receivables		67	209
Restricted cash		-	39
inventory		74	-
<b>Total current assets</b>		<u>771</u>	<u>955</u>
<b>NON- CURRENT ASSETS:</b>			
Fixed assets		24	26
<b>Total non- current assets</b>		<u>24</u>	<u>26</u>
<b>TOTAL ASSETS</b>		<u><u>795</u></u>	<u><u>981</u></u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade accounts payable		80	56
Other accounts payable	4	114	106
Warrants	6	5	24
<b>Total current liabilities</b>		<u>199</u>	<u>186</u>
<b>NON- CURRENT LIABILITIES:</b>			
Other accounts payable	5	1,481	952
<b>Total non- current liabilities</b>		<u>1,481</u>	<u>952</u>
<b>Total liabilities</b>		<u>1,680</u>	<u>1,138</u>
<b>SHAREHOLDERS' DEFICIENCY:</b>			
Share capital		63	61
Additional paid in capital		3,731	3,283
Warrants		207	-
Reserve from share-based payment transactions		45	45
Accumulated deficit		(4,931)	(3,546)
<b>Total shareholders' deficiency</b>		<u>(885)</u>	<u>(157)</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<u><u>795</u></u>	<u><u>981</u></u>
November 28, 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)

	<b>Three months</b>		<b>Nine months</b>	
	<b>ended</b>		<b>ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenues from consulting services	-	12	15	66
Revenues from sale of goods	2	45	58	114
<b>Total Revenues</b>	2	57	73	180
Cost of Revenues – consulting services	8	8	25	19
Cost of Revenues - sale of goods	34	48	54	99
<b>Total Cost of revenues</b>	42	56	79	118
<b>Gross profit (loss)</b>	(40)	1	(6)	62
Selling and marketing expenses	168	255	573	469
Research and development expenses	93	76	292	223
General and administrative expenses	201	182	562	633
<b>Operating loss</b>	(502)	(512)	(1,433)	(1,263)
Finance income	-	145	35	4
Finance expenses	(50)	(138)	(4)	(14)
Change in fair value of convertible loan	-	(60)	17	(159)
<b>Comprehensive loss for the period</b>	(552)	(565)	(1,385)	(1,432)
Basic and diluted loss per share (*)	(0.02)	(0.03)	(0.06)	(0.08)
Weighted average number of shares outstanding used to compute basic and diluted loss per share (*)	22,641,915	18,856,207	22,641,915	18,744,966

(\*) 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	Warrants	Additional paid-in capital	Reserve from share- based payment transactions	Accumulated	Total
<b>Balance at January 1, 2022</b>	21,721,399	61	-	3,283	45	(3,546)	(157)
<b>Changes during the period:</b>							
Payment upon shares	-	-	-	43	-	-	43
Issuance of shares	1,798,197	2	-	405	-	-	407
Issuance of warrants	-	-	207	-	-	-	207
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,385)	(1,385)
<b>Balance at September 30, 2022</b>	23,519,596	63	207	3,731	45	(4,931)	(855)

	Number of Shares	*Share capital	Additional paid-in capital	Reserve from share- based payment transactions	Accumulated Deficit	Total
<b>Balance at January 1, 2021</b>	4,669,284	13	1,176	-	(1,385)	(196)
<b>Changes during the period:</b>						
Bonus Shares	14,007,740	38	(38)	-	-	-
Share-based payments	-	-	-	33	-	33
Issuance of shares	187,818	(*)	93	7	-	100
Share-based payments	-	-	-	5	-	5
Net loss and comprehensive loss for the period	-	-	-	-	(1,432)	(1,432)
<b>Balance at September 30, 2021</b>	18,864,842	51	1,231	45	(2,817)	(1,490)

(\*) 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	Warrants	Additional paid-in capital	Reserve from share- based payment transaction	Accumulated Deficit	Total
<b>Balance at July 1, 2022</b>	21,721,399	61	-	3,326	45	(4,379)	(947)
<b>Changes during the period:</b>							
Issuance of shares	1,798,197	2	-	405	-	-	407
Issuance of warrants	-	-	207	-	-	-	207
Net loss and comprehensive loss for the period	-	-	-	-	-	(552)	(552)
<b>Balance at September 30, 2022</b>	23,519,596	63	207	3,731	45	(4,931)	(885)

	Number of Shares	Share capital	Additional paid-in capital	Reserve from share- based payment transactions	Accumulated Deficit	Total
<b>Balance at July 1, 2021</b>	18,703,906	51	1,151	40	(2,252)	(1,010)
<b>Changes during the period:</b>						
Issuance of shares	160,936	-	80	-	-	80
Share-based payments	-	-	-	5	-	5
Net loss and comprehensive loss for the period	-	-	-	-	(565)	(565)
<b>Balance at September 30, 2021</b>	18,864,842	51	1,231	45	(2,817)	(1,490)

(\*) 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>
<b>Balance at January 1, 2021</b>	18,677,024	13	1,176	-	(1,385)	(196)
<b>Changes during 2021:</b>						
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)
<b>Balance at December 31, 2021</b>	<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)

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss for the period		
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	2	-
Financial expenses	(4)	-
Change in fair value of convertible loan	(17)	159
Share-based payments	-	45
Decrease (increase) in trade and other accounts receivable, net.	92	(176)
Decrease (increase) in inventory	(74)	64
Increase (decrease) in trade accounts payable	25	1
Increase (decrease) in other accounts payable	539	507
	<u>(822)</u>	<u>(832)</u>
<b>Net cash used in operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Advanced payment for fixed assets	(1)	-
Withdraw (deposit) to restricted cash	39	(21)
	<u>38</u>	<u>(21)</u>
<b>Net cash used in investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Convertible loan		1,286
Issuance of units, net	2	88
payments upon Shares (note 3d)	448	-
Warrants	207	-
	<u>657</u>	<u>1,374</u>
<b>Net cash provided by financing activities</b>		
<b>Effects of exchange rate changes on cash and cash</b>		
<b>Equivalents</b>		
	-	4
<b>Net increase (decrease) in cash and cash equivalents</b>	(127)	525
<b>Cash and cash equivalents at beginning of the period</b>	694	304
<b>Cash and cash equivalents at the end of the period</b>	<u>567</u>	<u>829</u>
<b>APPENDIX A- NON-CASH ACTIVITIES:</b>		
Issuance of common shares units against restricted cash	-	40

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

Cannibible Food-Tech Ltd. (the “**Company**”, the “**Group**”, or “**Cannibible**”) was incorporated on August 14, 2018 in Israel and commenced operations in May 2018. Cannibible 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. Cannibible 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 Cannibible’s brand name “The Pelicann.”

Cannibible 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 Cannibible 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 September 30, 2022, the Company incurred a loss of \$1,385 thousand and negative cash flows from operating activities of \$822 thousand and as at September 30, 2022 has an accumulated deficit of \$4,931 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 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 43\$thousand (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. On August 14, 2022, the company issued to Ontario Ltd (Gurila marketing) ordinary shares at 0.58 CAD\$ per share price and 150,000 warrants at 0.93 CAD.
- 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 (\$16 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. On September 6, 2022, the company completed a non-brokered private placement comprised of 1,778,800 units of its securities at 0.47 CAD per Unit, for aggregate gross proceeds of \$642,266 (836,036 CAD). Each Unit is composed of one ordinary share of the Company, and one Share purchase warrant. Each warrant is exercisable at 0.70 CAD per Share for two years from the date of issuance. In connection with the Private Placement, the Issuer paid finder's fees of 8% cash and 8% finder warrants.
- e. The fair value of the said warrants is \$206,982 (269,994 CAD)  
The fair value of the warrants is estimated using the Black Scholes option-pricing model with the following assumptions:

PV of exercise Share price	0.7 CAD
Expected Volatility	124.21%
Risk Free Interest Rate	3.42%
Expected Term (years)	2
Expected Dividend Yield	-

**CANNIBBLE FOODTECH LTD.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL**  
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**NOTE 4- OTHER ACCOUNTS PAYABLE:**

	Nine months period ended September 30 <u>2022</u>	For the year ended December 31, <u>2021</u>
Accrued expenses	114	97
Other	<u>-</u>	<u>9</u>
Total	<u>114</u>	<u>106</u>

**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 September 30, 2022	For the year ended December 31, 2021
		(US\$ in thousands)	
Elad Barkan – CTO, Director & shareholder & founder	Salary fees (*)	494	317
Ziv Turner-VP BUSNIESS, Director & shareholder & founder	Salary fees (*)	494	317
JOAV BAR JOSEPH – CEO, Director & shareholder & founder	Salary fees (*)	494	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 September 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

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

	<b>For the three months ended September 30, 2022</b>	<b>For the Nine months ended September 30, 2022</b>	<b>For the year ended December 31,2021</b>
	<b>(US\$ in thousands)</b>		
Fees to CEO, CTO & VP BUSINESS (*)	248	590	622
Fees paid to Apologens LTD (1)	-	-	5
Fees to CFO	14	51	33
Asaf porat (note 3a)	-	25	-

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

**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 September, 30 2022.

**NOTE 7- SUBSEQUENT EVENTS:**

On November 28, 2022 Company has entered in to a share purchase with Eshbal Functional Foods Cooperative Ltd., a private Israeli food gluten free food tech manufacturer (“Eshbal”), pursuant to which the company will acquire 100% of the outstanding membership interests of Eshbal in exchange for 51% of the company ordinary shares immediately post-Closing. (the “Transaction”). Upon closing of the Transaction (“Closing”), Eshbal will become a wholly-owned subsidiary of Cannibble and the combined companies (the “Resulting Issuer”) will carry on the businesses of Cannibble and Eshbal.

The Definitive agreement provides for additional contingent consideration payable as follows:

- (a) an additional number of company shares equal to 20% of the issued and outstanding shares of the company immediately post-Closing, without taking into consideration those Cannibble shares that are issued pursuant to the Concurrent Financing, may be issued to the former members of Eshbal, conditional upon the business of Eshbal achieving certain revenue and profitability milestones during one calendar year within a six year period following Closing; and
- (b) an additional number of Cannibble shares that is equal to CAD\$6,965,347 (based on the ten day volume-weighted average price of the Cannibble shares traded on the Canadian Securities Exchange (“CSE”) prior to issuance, subject to CSE policies) may be issued to the former members of Eshbal conditional upon the business of Eshbal achieving specified gross sales during any one year within the 36 month period following Closing.

**Concurrent Financing**

In connection with the Transaction and as a condition to Closing, the company will complete a concurrent financing to raise a minimum of CAD\$4,500 (the “Concurrent Financing”).