

**CANNIBBLE FOODTECH LTD.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS**

**AS OF SEPTEMBER 30, 2023**

**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 loss	5
Unaudited Condensed Interim Consolidated Statements of Changes in shareholders' equity	6-8
Unaudited Condensed Interim Consolidated Statements of Cash Flows	9
Notes to Unaudited Condensed Interim Consolidated Financial Statements	10-16

## NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of Cannibble Foodtech Ltd. (the “**Company**”) for the nine months ended September 30, 2023, 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> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		307	267
Trade accounts receivable		94	86
Prepays and other receivables		14	40
Restricted cash		19	35
inventory		-	73
<b>Total current assets</b>		<u>434</u>	<u>501</u>
<b>NON- CURRENT ASSETS:</b>			
Fixed assets		17	22
<b>Total non- current assets</b>		<u>17</u>	<u>22</u>
<b>TOTAL ASSETS</b>		<u>451</u>	<u>523</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade accounts payable		90	80
Other accounts payable		244	187
Warrants	5	<u>287</u>	<u>287</u>
<b>Total current liabilities</b>		<u>621</u>	<u>554</u>
<b>NON- CURRENT LIABILITIES:</b>			
Other accounts payable	6	2,329	1,683
Convertible loan	4	<u>367</u>	<u>-</u>
<b>Total non- current liabilities</b>		<u>2,696</u>	<u>1,683</u>
<b>Total liabilities</b>		<u>3,317</u>	<u>2,237</u>
<b>SHAREHOLDERS' DEFICIENCY:</b>			
Share capital		63	63
Additional paid in capital		3,695	3,642
Warrants		19	19
Reserve from share-based payment transactions		194	60
Accumulated deficit		<u>(6,837)</u>	<u>(5,498)</u>
<b>Total shareholders' deficiency</b>		<u>(2,866)</u>	<u>(1,714)</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<u>451</u>	<u>523</u>

November 27, 2023  
Date of approval of the financial  
statements

“signed”  
Yoav Bar Joseph  
CEO

“signed”  
Uri Ben-Or  
CFO

“signed”  
Elad Barkan  
Director

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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenues from consulting services	60	-	90	15
Revenues from sale of goods	-	2	11	58
<b>Total Revenues</b>	60	2	101	73
Cost of Revenues – consulting services	6	8	22	25
Cost of Revenues - sale of goods	3	34	84	54
<b>Total Cost of revenues</b>	9	42	107	79
<b>Gross profit (loss)</b>	51	(40)	(6)	(6)
Selling and marketing expenses	100	168	402	573
Research and development expenses	160	93	348	292
General and administrative expenses	215	201	553	562
<b>Operating (loss)</b>	(424)	(502)	(1,309)	(1,433)
Finance income	-	-	-	35
Finance expenses	(6)	(50)	(30)	(4)
Change in fair value of convertible loan	-	-	-	17
<b>Comprehensive loss for the period</b>	(430)	(552)	(1,339)	(1,385)
Basic and diluted loss per share (*)	<u>(0.018)</u>	<u>(0.02)</u>	<u>(0.057)</u>	<u>(0.06)</u>
Weighted average number of shares outstanding used to compute basic and diluted loss per share (*)	<u>23,666,116</u>	<u>22,641,915</u>	<u>23,666,116</u>	<u>22,641,915</u>

(\*) 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, 2023</b>	23,519,596	63	19	3,642	60	(5,498)	(1,714)
<b>Changes during the period:</b>							
Payment upon shares	-	-	-	-	134	-	134
Issuance of shares	200,000	-	-	53	-	-	53
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,339)	(1,339)
<b>Balance at September 30, 2023</b>	23,719,596	63	19	3,695	194	(6,837)	(2,866)

	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)	(885)

(\*) 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, 2023</b>	23,719,596	63	19	3,695	149	(6,407)	(2,481)
<b>Changes during the period:</b>							
Payments upon shares	-	-	-	-	45	-	45
Net loss and comprehensive loss for the period	-	-	-	-	-	(430)	(430)
<b>Balance at September 30, 2023</b>	23,719,596	63	19	3,695	194	(6,837)	(2,866)

	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)

(\*) 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>Warrants</u>	<u>Accumulated deficit</u>	<u>Total</u>
	Audited						
<b>Balance at January 1, 2022</b>	<u>21,721,399</u>	<u>61</u>	<u>3,283</u>	<u>45</u>	<u>-</u>	<u>(3,546)</u>	<u>(157)</u>
<b>Changes during 2022:</b>							
Payment upon shares	-	-	43	15	-	-	58
Issuance of shares	1,798,197	2	316	-	-	-	318
Issuance of warrants	-	-	-	-	19	-	19
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,952)</u>	<u>(1,952)</u>
<b>Balance at December 31, 2022</b>	<u>23,519,596</u>	<u>63</u>	<u>3,642</u>	<u>60</u>	<u>19</u>	<u>(5,498)</u>	<u>(1,714)</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, 2023	Nine months ended September 30, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss for the period		
Adjustments to reconcile net profit to net cash provided by operating activities:	(1,339)	(1,385)
Depreciation	5	2
Financial expenses	(32)	(4)
Change in fair value of convertible loan	-	(17)
Share-based payments	187	-
Decrease (increase) in trade and other accounts receivable, net.	17	92
Decrease (increase) in inventory	73	(74)
Increase (decrease) in trade accounts payable	10	25
Increase (decrease) in other accounts payable	703	539
	<u>(376)</u>	<u>(822)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Advanced payment for fixed assets	-	(1)
Withdraw (deposit) to restricted cash	16	39
	<u>16</u>	<u>38</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Convertible loan (note 4)	367	-
issuance of units, net	-	2
payments upon Shares	-	448
Warrants	-	207
	<u>367</u>	<u>657</u>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		
	33	-
<b>Net increase (decrease) in cash and cash equivalents</b>	7	(127)
<b>Cash and cash equivalents at beginning of the period</b>	<u>267</u>	<u>694</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>307</u></u>	<u><u>567</u></u>

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**

a. Nature of business

Cannibble Food Tech Ltd. (the “Corporation”, the “Group”, or “Cannibble”) was incorporated as a private limited liability Corporation under the Israeli Companies Law, on August 14, 2018 and commenced operations in May 2018. Cannibble’s corporate headquarters and registered address are located at P.O. Box 4250 Rosh Haayin Israel. On March 25, 2021, the Corporation increased the amount of the convertible notes and raised an additional amount of approximately CAD\$1,607 (approximately \$1,286) through the issuance of a convertible note. 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. On March 3, 2022 the ordinary shares of the Corporation were listed for trading on the Canadian Securities Exchange (the “CSE”) under the symbol ‘PLCN’. the Corporation has 23,719,596 ordinary shares issued and outstanding.

Cannibble is an innovative food tech company that develops food and beverage products variously enhanced with alternative proteins. Cannibble has developed proprietary powder-based formulas for food and beverage products targeted for the "Better-for-You" segment. The products are sugar free, dairy free, plant based, non-GMO, keto friendly, and marketed under Cannibble's brand name "The Pelicann™".

The Corporation ’s registered address and principal place of business is P.O.Box 4250, Roash ha'ayin, Israel.

The Corporation has one wholly-owned subsidiary, EAZY Tech Inc., a limited liability corporation organized under the laws of the state of Delaware. EAZY Tech Inc sales the Corporation ’s products through Cannibble’s web site.

The accompanying consolidated financial statements include the accounts of Cannibble and its wholly-owned subsidiary, EAZY Tech Inc ("EAZY"). All intercompany transactions between the Corporation 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 Corporation in the U.S. edibles and cannabis market since June 2020.

The financial statements were approved by the Board of Directors on November 27, 2023.

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

**NOTE 1: NATURE OF BUSINESS, AND GOING CONCERN (CONT)**

b. Going concern

During the period ended September 30, 2023, the Company incurred a loss of \$1,339 thousand and negative cash flows from operating activities of \$376 thousand and as at September 30, 2023 has an accumulated deficit of \$6,837 thousand.

The Corporation'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 Corporation's ability to continue as a going concern.

These consolidated financial statements were prepared on a going concern basis, which assumes that the Corporation 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.

c. listing in the Canadian Securities Exchange (the "CSE").

The ordinary shares started trading on March 3, 2022 on the Canadian Securities Exchange under the symbol PLCN.

**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, 2022 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, 2022.

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

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

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES: (CONT)**

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, 2023 (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.

**NOTE 3 –SIGNIFICANT EVENTS DURING THE REPORTING PERIOD**

- a. Since inception, Cannibble has an accumulated deficit of \$6,837 thousand as at September 30, 2023. The Corporation has funded its operations with proceeds from equity financings and expects to seek additional funding through equity financings to develop its business, and, assuming completion of the Proposed Transaction, the combined business of Cannibble and Eshbal. However, if capital market conditions in general or with respect to the foodtech sector or development stage companies such as Cannibble are unfavorable, the Corporation's ability to obtain additional funding will be adversely affected.
- b. On January 1, 2023 ZER MATOK signed a waiver document. ZER MATOK waived the 546,000 warrants owed to them by the Corporation as part of past agreements.
- c. On January 1, 2023 the Corporation entered a share consideration agreement with ZER MATOK LTD. According to the agreement, whereas the advisor provided to the Corporation various consulting services during 2022, the parties agreed that the payment for the services will be in ordinary shares of the Corporation instead of cash. The advisor shall receive 88,571 ordinary shares of the Corporation equivalents to CAD\$31 thousand (approximately \$22.6 thousand), calculated with a price per share of CAD\$0.35 (approximately \$0.256). The shares will be issued to the advisor after completing a successful transaction: Cannibble acquire 100% of the Israeli Corporation Eshbal functional food Ltd. And receiving the CSE approve of trading Cannibble food tech shares and subject applicable laws and regulation as may apply.
- d. On January 1, 2023 EAZY entered a services agreement with Eshbal function foods ("Eshbal"). According to the agreement, Eshbal will execute the work related to development of new "Better for you" dry products and improvements of existing products. At the end of the development for the satisfactory of EAZY and after the payments to Eshbal are made in full, EAZY will receive full recipes and become the sole owner of the IP. The agreement shall be for a period of 12 month. EAZY will pay Eshbal the monthly amount of \$10 thousand as a fix fee.

**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 (CONT)**

- e. On January 1, 2023 EAZY entered a services agreement with Eshbal function foods (“Eshbal”).

According to the agreement, EAZY will provide services to Eshbal that will include execute the work related to consulting sales and marketing activities of products from Eshbal such as market research, marketing strategy, sales planning, sales execution, post-sales support, and communication with USA customers. The agreement shall be for a period of 12 month. Eshbal will pay EAZY the monthly amount of \$10 thousand as a fix fee.

- f. On January 9, 2023 the Corporation entered a finders agreement with EXITEAM CAPITAL PARTNERS LTD. The finders will assist the Corporation to raise up to CAD\$4.5 thousand or more as will be instructed by the Corporation and to its sole decision, from Israeli or foreign investors residing in the State of Israel, Canada & USA. The terms of the agreement will affect for twelve months. According to the agreement EXITEAM will provide the following services: introduce to the Corporation specific persons and/or entities on a nonexclusive basis that subsequently: invests in the Corporation, purchases any assets from the Corporation, purchase any securities of the Corporation, lends any funds to the Corporation, or effects a combination of the above-mentioned transaction, either in one transaction or in series of related transactions. Advising the Corporation in negotiations with Identified Prospects; coordinating communication between the Corporation and Identified Prospects; and providing the Corporation with ongoing updates and reports detailing the outcome of discussions, meetings, and other communications with Identified Prospects.

The Corporation will pay the finders the service fees: For financings actually received by the Corporation from an Identified Prospects from time-to-time Finder will be entitled, subject to the terms and conditions of this Agreement, to a commission at a rate of 8% of the sum received by the Corporation in each such Financing from the Identified Prospects, plus VAT, which shall be paid upon the elapse of thirty days after the money from the Financing is actually received by Corporation. In addition to the Commission Fee, the Corporation shall issue the Finder with warrants to purchase a number of ordinary shares of the Corporation equal to 8% of the financing received by the Corporation. The exercise price per share equal to the price per share paid by investors in the Financing. The Warrants shall be exercisable from day one following the closing of a Financing and for a period of two years, as per the terms and conditions to be approved by the Board. Subject to applicable laws and regulations as may apply.

- g. On January 1, 2023 Exiteam signed a waiver document. Exiteam waived the 69,893 warrants owed to them by the Corporation as part of bonus warrants for finders fee.
- h. On February 1, 2023 the Corporation signed a Unanimous written resolution providing for: The grant by the Corporation to each of the External Directors of 100,000 RSUs that will vest in

full on March 2, 2023 and the grant by the Corporation to each of the External Directors upon deemed exercise of the External Director’s 100,000 RSUs on March 2, 2023, 100,000 ordinaries shares in the capital of the Corporation.

On March 14, 2023 the Corporation issued total of 200,000 shares for two external directors, at the price of \$0.256 (CAD\$0.35) per share. The total value of the grand was \$51.2 thousand (CAD\$70 thousand).

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

**NOTE 4- Convertible loan**

- a. In the period of July to September, 2023, the company enter to a convertible loan comprised of 1,074,300 units of its securities at 0.28 CAD per Unit, for aggregate gross proceeds of \$224,427 (300,804 CAD). Each Unit is composed of one ordinary share of the Company, and one Share purchase warrant. Each warrant is exercisable at 0.40 CAD per Share for two years from the date of issuance.

The issuance of Units to the subscriber will take place after completing the acquisition of Eshbal Functional Foods Cooperative Ltd.

The company will not use the funds received from the subscriber for its business until the closing date unless receiving written consent from the Subscriber. The issuance of Units to the subscriber will take place after closing date and subject that the funds are released without any restrictions.

- b. On May, 2023 the Corporation entered into a Convertible Loan Agreement in the amount of CAD\$210 thousand (\$155.48 thousand). The issuing expenses was \$12.22 thousand. The Convertible Loan will bear an annual interest of 15%.

The principal amount and interest will be due and payable on the first to occur of:

1. The date of the conditional approval of the SCE approving the listing of the ordinary shares following completion of the Corporation's proposed acquisition of Eshbal; and the
2. date on which the bord of directors resolve to terminate the fundamental change transaction the first to come.

On the maturity date, the principal amount and the accrued interest will automatically convert into units of the Corporation at the conversion price of CAD\$0.28 per unit with each unit comprised of one ordinary share of the Corporation and one purchase warrant exercisable to acquire one ordinary share at the exercise price of CAD\$0.40 for two years from the date of issued.

According to the management assessment, the fair value of the convertible loans was not estimated since it is not material.

**NOTE 5- 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 December 2022.

On July 5, 2021, the Corporation completed an offering of units of its securities through Frontfundr Financial Services Inc.

At December 31, 2022, the fair value of the warrant liability was calculated using the Black Scholes model, based on the following assumptions:

	<b>December 31, 2022</b>
Expected volatility (%)	150.6
Risk-free interest rate (%)	4.76
Underlying Share Price (CAD \$)	0.35
Conversion Price (CAD \$)	1.4

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

As for December 31, 2022 the fair value of the warrant liability was \$4 thousand.

**NOTE 5- WARRANTS (CONT):**

On September 6, 2022, the Corporation completed a non-brokered private placement.  
At December 31, 2022, the fair value of the warrants was estimated using the Black Scholes option-pricing model with the following assumptions:

	<b>December 31, 2022</b>
PV of exercise Share price	CAD\$0.7
Expected Volatility	165.06%
Risk Free Interest Rate	4.52%
Expected Term (years)	1.66

At December 31,2022, the fair value of the warrants was \$283 thousand.

According to the management assessment, there was no material change in the fair value for September, 30 2023.

**NOTE 6- 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, 2023	For the year ended December 31, 2022
		(US\$ in thousands)	
Elad Barkan – CTO, Director & shareholder & founder	Salary fees (*)	776	561
Ziv Turner-VP BUSNIESS, Director & shareholder & founder	Salary fees (*)	776	561
JOAV BAR JOSEPH – CEO, Director & shareholder & founder	Salary fees (*)	776	561

(\*) Due to a board of directors' resolution, the three founders employees shall receive a salary of \$24,000 a month from June 2020. As for September 30, 2023 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.

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

**NOTE 6- RELATED PARTIES AND SHAREHOLDERS (CONT):**

c. The following transactions arose with related parties:

Transactions- expenses

	<b>For the three months ended September 30, 2023</b>	<b>For the nine months ended September 30, 2023</b>	<b>For the year ended December 31,2022</b>
	<b>(US\$ in thousands)</b>		
Fees to CEO, CTO & VP BUSINESS	240	695	812
Fees to CFO	18	50	68
Asaf porat	-	-	25

**NOTE 7- SALE OF GOODS**

The sales of goods expenses were mainly from inventory depreciation.

**NOTE 8- SUBSEQUENT EVENTS**

During October, 2023, following to the convertible loan of July to September (see note 4) the company receive an additional amount for the convertible loan comprised of 180,000 units of its securities at CAD\$0.28 per unit, for aggregate gross proceeds of \$36.7 thousand (CAD\$50 thousand). Each Unit is composed of one ordinary share of the Corporation, and one Share purchase warrant. Each warrant is exercisable at CAD\$0.40 per Share for two years from the date of issuance.

On November, 2023, Mr. Ziv Turner, one of the founders of the Company and a member of the board notified the Company by email that he intends to file a claim against the Company for withholding wages due to the fact that the Company stopped paying salaries to the founders on August 2023. As at the date of this report, the Corporation has not been served.

On November, 2023 the Share Purchase Agreement with Eshbal was amended (as amended, the “**Amended DA**”). As restructured, the Proposed Transaction will no longer constitute a “fundamental change” for Cannibble, as defined in the rules and policies of the CSE. With the termination of the fundamental change, Cannibble shares are anticipated to come back to trade on the CSE.

The Amended DA provides for a potential series of investments in Eshbal by Cannibble, beginning with an initial investment of CAD\$350,000 by Cannibble to acquire a 7.75% interest in Eshbal (the “**Initial Investment**”). Following closing of the Initial Investment, Cannibble will receive sole distribution rights to sell, market and distribute Eshbal's products in North America.

The Amended DA also contemplates potential additional investments by Cannibble in Eshbal over a maximum period of six months from the date of the closing of the Initial Investment. The Amended DA also provides that, if within a period of 12 months following the closing date of the Initial Investment, Eshbal enters into an agreement with a third party to consummate a transaction in which the third party acquires a 30% or greater interest in Eshbal at a valuation different from the valuation under the Amended DA (a “**New Valuation**”), Cannibble's percentage ownership of Eshbal will be adjusted in accordance with the New Valuation.