

**CANNIBBLE FOOD-TECH LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2023**

**CANNIBBLE FOOD-TECH LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

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**INDEX**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	<b>3-5</b>
<b>Consolidated Statements of Financial Position</b>	<b>6</b>
<b>Consolidated Statements of Comprehensive Loss</b>	<b>7</b>
<b>Consolidated Statements of Changes in Shareholders' Equity (Deficiency)</b>	<b>8</b>
<b>Consolidated Statements of Cash Flows</b>	<b>9</b>
<b>Notes to Consolidated Financial Statements</b>	<b>10 - 39</b>

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

### **Opinion**

We have audited the consolidated financial statements of CANNIBBLE FOOD-TECH LTD. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of comprehensive loss, changes in shareholder's equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023, and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

### **Basis for Opinion**

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

### **Material Uncertainty Related to Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1b to the consolidated financial statements, during the year ended December 31, 2023, the Company incurred a loss of \$1,085 thousands and negative cash flows from operating activities of \$393 thousands and as December 31, 2023 has an accumulated deficit of \$6,583 thousands, which indicates that the Company's ability to consummate its plans in connection with increasing the volume of current activity and continue the development of its products, is dependent on its ability to continue to finance its activities by raising additional funds. As stated in note 1b, these conditions, along with other matters as set for in Note 1b, indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

### **Key audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Those matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis for the year ended December 31, 2023.

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

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

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Tel-Aviv, Israel

29 April 2024

/s/ Ziv Haft  
 Certified Public Accountants (Isr)  
 BDO Member Firm

**CANNIBBLE FOOD-TECH LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(In thousands of US Dollars)

	Note	December 31,	
		2023	2022
		US\$ in thousands	
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	4	52	267
Net Trade accounts receivable	5	5	86
Prepays and other receivables	6	16	40
Restricted cash	7	20	35
Inventory	8	-	73
<b>Total current assets</b>		93	501
<b>NON-CURRENT ASSETS:</b>			
Investment	20	242	-
Equipment	9	15	22
		257	22
<b>TOTAL ASSETS</b>		350	523
<b>CURRENT LIABILITIES:</b>			
Trade accounts payable		88	80
Other accounts payable	10a	146	187
Warrants	12f,12j,12m	14	287
<b>Total current liabilities</b>		248	554
<b>NON-CURRENT LIABILITIES:</b>			
Deferred compensation to related parties	10b	2,469	1,683
<b>Total non-current liabilities</b>		2,469	1,683
<b>Total liabilities</b>		2,717	2,237
<b>SHAREHOLDERS' EQUITY (DEFICIENCY):</b>			
Share capital	12	63	63
Additional paid in capital		3,981	3,642
Reserve from share-based payment transactions		172	79
Accumulated deficit		(6,583)	(5,498)
<b>Total shareholders' equity (deficiency)</b>		(2,367)	(1,714)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		350	523

April 29, 2024

Date of approval of the  
financial statements

Yoav Bar Yosef  
Chief Executive officer  
And chief of directors

Elad Barkan  
director

Uri Ben-Or  
Chief Financial officer

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

**CANNIBBLE FOOD-TECH LTD.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

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

	Note	For The Year Ended	
		December 31,	December 31,
		2023	2022
		US\$ in thousands	
Revenues from consulting services		90	15
Revenues from sale of goods		11	82
Total Revenues		101	97
Cost of Revenues – consulting services		73	34
Cost of Revenues - sale of goods		86	56
Total Cost of revenues		159	(90)
Gross Profit		(58)	7
Operating expenses:			
Selling and marketing expenses	13	318	739
Research and development expenses	14	384	392
General and administrative expenses	15	691	912
Total operating expenses		(1,393)	(2,043)
Operating loss		(1,451)	(2,036)
Financial expenses	16a	(33)	(58)
Financial income	16b	399	142
Total Finance expenses		366	84
Net loss and comprehensive loss for the year		(1,085)	(1,952)
Basic and diluted loss per share (*)		(0.045)	(0.085)
Weighted average number of shares outstanding used to compute basic and diluted loss per share (*)		23,824,798	23,080,755

(\*) After giving effect to the Bonus shares (See Note 12d).

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

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

	<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>Accumulated deficit</u>	<u>Total</u>
<b>Balance at January 1, 2022</b>	<u>21,721,399</u>	<u>61</u>	<u>3,283</u>	<u>45</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
Shares based payments	-	-	-	19	-	19
Total comprehensive loss for the period	<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>79</u>	<u>(5,498)</u>	<u>(1,714)</u>
<b>Changes during 2023:</b>						
Shares based payments	-	-	-	93	-	93
Issuance of shares	2,504,300	*	339	-	-	339
Issuance of warrants	-	-	-	-	-	-
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,085)</u>	<u>(1,085)</u>
<b>Balance at December 31, 2023</b>	<u>26,023,896</u>	<u>63</u>	<u>3,981</u>	<u>172</u>	<u>(6,583)</u>	<u>(2,367)</u>

(\*) Represent amount lower than 1 US Dollar.

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



**CANNIBBLE FOODTECH LTD.**  
**CONSOLIDATED STATEMENTS**  
**OF CASH FLOWS**

(In thousands of US Dollars)

	For The year ended December 31, 2023	For The year ended December 31, 2022
	US\$ in thousands	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss and comprehensive loss for the period	(1,085)	(1,952)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	7	6
Change in fair value of Warrants	(339)	53
Share based payment	93	19
Decrease in trade and other accounts receivable	105	97
Decrease (increase) in inventory	73	(73)
Increase in trade accounts payable	8	24
Increase (decrease) in other accounts payable	745	801
<b>Net cash used in operating activities</b>	<b>(393)</b>	<b>(1,025)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment	(242)	-
Purchase of Equipment	-	(3)
Deposit to restricted cash	15	4
<b>Net cash provided by (used in) investing activities</b>	<b>(227)</b>	<b>1</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of units, net	246	601
Issuance of units, net from convertible loan	159	-
Payment upon shares	-	58
<b>Net cash provided by financing activities</b>	<b>405</b>	<b>659</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>(62)</b>
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>(215)</b>	<b>(427)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>267</b>	<b>694</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>52</b>	<b>267</b>

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

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

(In thousands of US Dollars)

**NOTE 1: NATURE OF BUSINESS, AND GOING CONCERN**

a. Nature of business

Cannibble Food-Tech Ltd. (the “Company”) was incorporated as a private limited liability company under the Israeli Companies Law, 5759-1999 on August 14, 2018. On March 3, 2022 the ordinary shares of the Company were listed for trading on the Canadian Securities Exchange (the “CSE”) under the symbol ‘PLCN’. As of the date of this report, the Company has 26,023,896 ordinary shares issued and outstanding.

Cannibble is an innovative Israeli 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 of the market. Better-for-you (BFY) products are products that are low in fats and/ or carbs and/or salt, and/or reduced sugar and/ or high in fibre or vitamins. The products are sugar free, dairy free, plant based, non-GMO, keto friendly, low carbs and marketed under Cannibble's brand name "The Pelicann". The Company's portfolio also includes the marketing of gluten-free products and other unique foods. Cannibble has a distribution agreement with Eshbal functional foods for North America.

As part of the Company's attempt to generate additional income streams, the Company decided to provide consulting services to other food companies in its areas of specialization which is product development and business development

Cannibble's corporate headquarters and registered address are located at P.O. Box 4250 Rosh Haayin Israel.

The Company has one wholly-owned subsidiary, EAZY Tech Inc., a limited liability company organized under the laws of the state of Delaware.

The financial statements were approved by the Board of Directors on April 29, 2024.

War in Israel:

In the Company's product portfolio there are products made in Israel. The war in Israel may impact the production of the products which will affect the ability of the suppliers to supply products on time according to the Company's demand for the export of products to North America.

b. Going concern

During the year ended December 31, 2023, the Company incurred a loss of \$1,085 thousand and negative cash flows from operating activities of \$393 thousand and as of December 31, 2023 has an accumulated deficit of \$6,583 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 realize its assets and discharge its liabilities in the normal course of business. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of the assets and liabilities.

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

(In thousands of US Dollars)

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

c. :Listing on the Canadian Securities Exchange (the "CSE").

On February 10<sup>th</sup>, 2022 the Company announced that it received the conditional approval from the Canadian Securities Exchange (the "**Exchange**") for the listing of its ordinary shares (the "**Listing**"). The Listing was subject to the Company fulfilling all the listing requirements of the Exchange. On March 3<sup>rd</sup>, 2022 the Company announced that the Company's ordinary shares (the "**Shares**") have received final approval for listing from the Canadian Securities Exchange (the "**CSE**"). The ordinary shares started trading on March 3<sup>rd</sup> on the Canadian Securities Exchange under the symbol PLCN.

**NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION**

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

a. Basis of presentation of the financial statements:

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

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

b. Foreign currency

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

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

Transactions and balances have been converted as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the statements of the financial position date.
- Revenue and expense items – at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange used to convert the related statements of financial position items i.e. at the time of the transaction.

Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive income.

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

(In thousands of US Dollars)

**NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)**

c. Cash and cash equivalents

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

d. Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items. A provision is made to reduce excess and obsolete inventories to net realizable value.

e. Research and development expenses, net of participations:

Research and development expenses are recognized in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the Company's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the Company's ability to measure reliably the expenditures attributable to the intangible asset during its development. Since the Company's research and development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals are not normally satisfied and, therefore, development expenditures are recognized in profit or loss when incurred.

f. Revenue recognition

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

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

Revenues from services are recognized throughout the period over which services were provided.

All the Company's customers are from the US.

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

(In thousands of US Dollars)

**NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)**

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

	For the year ended December 31 2023	For the year ended December 31 2022
Customer A	-	15%
Customer B	-	54%
Customer C	11%	31%
Customer D	89%	-

g. Financial instruments

Financial assets

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

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

Investments in equity instruments

The financial assets were measured for the first time according to the consideration paid and are subsequently measured at fair value model through profit and loss where any change in value will be recorded in profit and loss.

Financial liabilities

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

The warrants (see also Note 12) are measured at fair value through profit or loss.

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

(In thousands of US Dollars)

**NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)**

*Impairment of financial assets*

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

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The provision for doubtful debts is presented on note 15.

*Write-off policy*

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

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

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

h. Loss per share:

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

i. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an

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

(In thousands of US Dollars)

**NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)**

orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When there are no quoted prices in active markets for identical assets or liabilities, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification by fair value hierarchy.

Assets and liabilities measured in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

- |         |  |
|---------|--|
| Level 1 | - Quoted prices (unadjusted) in active markets for identical assets or liabilities.  |
| Level 2 | - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.                               |
| Level 3 | - Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data). |

j. Segment reporting.

An operating segment is a component of the Company which fulfills the following criteria:

1. It is engaged in business operations from which it may derive income, and with respect to which it may bear expenses.
2. Its operating results are reviewed on a regular basis by the Company's chief operational decision maker, in order to reach decisions regarding the resources allocated to it, and in order to assess its performance.
3. Separate financial information is available for the above.

The Company concluded that it has two operating segments. One segment of selling products and one segment of providing consulting services.

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

(In thousands of US Dollars)

**NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)**

k. Share based compensation.

The Company measures the share-based expense and cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. This approach is based on the Black Scholes (1973) and Merton (1974) models (“Black Scholes Merton”, or “BSM”), which takes into account the terms and conditions upon which the instruments were granted.

l. Principles of consolidation

The consolidated financial statements include the accounts of Eazy Tech INC. and transactions have been eliminated upon consolidation.

**NOTE 3: ADOPTION OF NEW ACCOUNTING STANDARDS, AND SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS**

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Company’s earnings and financial position is Warrants valuation and share based payments valuation.

New standards, interpretations and amendments adopted from January 1, 2023

The following amendments are effective for the period beginning January 1, 2023:

*Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose ‘significant accounting policies’ with ‘material accounting policy information’. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure. These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Company but affect the disclosure of accounting policies of the Company.

*Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. These amendments had no effect on the consolidated financial statements of the Company.



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

(In thousands of US Dollars)

**NOTE 3: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)**

New standards, interpretations and amendments not yet effective

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for periods beginning January 1, 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Noncurrent);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements);
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures). The following amendments are effective for the period beginning January 1, 2025; and
- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

**NOTE 4: - CASH AND CASH EQUIVALENTS**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$ in thousands</b>	
Cash	52	267
Total	52	267

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

(In thousands of US Dollars)

**NOTE 5: NET TRADE ACCOUNTS RECEIVABLE**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$ in thousands</b>	
Customers	34	86
Uncollectable accounts	(29)	-
Total	<u>5</u>	<u>86</u>

**NOTE 6: PREPAIDS AND OTHER RECEIVABLES**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$ in thousands</b>	
Government authorities	6	27
Prepaid expenses and other	10	13
Total	<u>16</u>	<u>40</u>

**NOTE 7: RESTRICTED CASH**

The Company's restricted cash is mainly a guarantee to the credit cards liability in the banks in total sum of \$20 for December 31, 2023 and \$35 for December 31, 2022.

**NOTE 8: INVENTORY**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$ in thousands</b>	
Finished goods	-	73
Total	<u>-</u>	<u>73</u>

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

(In thousands of US Dollars)

**NOTE 9: - EQUIPMENT, NET**

	<u>Equipment</u>	<u>Computers</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	25	2	27
Additions	-	3	3
Balance at December 31, 2022	25	5	30
Accumulated depreciation:			
Balance at January 1, 2022	(1)	*	(1)
depreciation	(5)	(2)	(7)
Balance at December 31, 2022	(6)	(2)	(8)
Depreciated cost at December 31, 2022	19	3	22

**December 31, 2023:**

	<u>Equipment</u>	<u>Computers</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	25	5	30
Additions	-	-	-
Balance at December 31, 2023	25	5	30
Accumulated depreciation:			
Balance at January 1, 2023	(6)	(2)	(8)
depreciation	(5)	(2)	(7)
Balance at December 31, 2023	(11)	(4)	(15)
Depreciated cost at December 31, 2023	14	1	15

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

(In thousands of US Dollars)

**NOTE 10: OTHER ACCOUNTS PAYABLES**

- a. Other accounts payables – short term

	December 31,	
	2023	2022
	US\$ in thousands	
Accrued expenses.	146	187

- b. Deferred compensation to related parties.

	December 31,	
	2023	2022
	US\$ in thousands	
Accrued expenses (*)	2,469	1,683

(\*) See also note 18(b).

**NOTE 11: FINANCIAL INSTRUMENTS**

- a. Classification of financial assets and liabilities:

	December 31,	
	2023	2022
	US\$ in thousands	
<b>Financial assets at amortized cost:</b>		
Cash and cash equivalents	52	267
Trade accounts receivable	5	86
Restricted cash	20	35
	77	388
<b>Financial assets at fair value</b>		
Investment	242	-
<b>Total Financial assets</b>	319	388
<b>Financial liabilities at amortized cost:</b>		
Trade accounts payable	88	80
Other accounts payable	2,615	1,870
	2,703	1,950
<b>Financial liabilities at fair value:</b>		
Warrants (note 12f, 12j, 12m)	14	287
<b>Total Financial liabilities</b>	2,717	2,237

## (In thousands of US Dollars)

21

## (In thousands of US Dollars)

	December 31, 2022			
	US\$ in thousands			
Assets:	CAD	US\$	NIS	Total
Cash and cash equivalents	6	5	256	267
	6	5	256	267
	December 31, 2022			
	US\$ in thousands			
Liabilities:	CAD	US\$	NIS	Total
Trade accounts payable	-	15	65	80
Other accounts payable	-	1,683	187	1,870
Warrants	287	-	-	287
	287	1,698	252	2,237

A 10% strengthening of the United States Dollar against the following currencies would have increased (decreased) equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the United States Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

22

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

(In thousands of US Dollars)

**NOTE 11: FINANCIAL INSTRUMENTS (cont.)**

c. Liquidity risk:

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Company has procedures to minimize such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. As of the balance sheet date, the Company has negative working capital.

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

**December 31, 2023:**

	<u>Less than one year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
	<b>USD in thousands</b>						
Trade payables	88	-	-	-	-	-	88
Other payables	146	2,469	-	-	-	-	2,615
	<u>234</u>	<u>2,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,703</u>

**December 31, 2022:**

	<u>Less than one year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
	<b>USD in thousands</b>						
Trade payables	80	-	-	-	-	-	80
Other payables	187	1,683	-	-	-	-	1,870
	<u>267</u>	<u>1,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,950</u>

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

(In thousands of US Dollars)

**NOTE 12: - SHAREHOLDERS' EQUITY**

- a. Rights attached to shares:  
 An ordinary share confers upon its holder(s) a right to vote at the general meeting, a right to participate in distribution of dividends, and a right to participate in the distribution of surplus assets upon liquidation of the Company.
- b. On February 11, 2021, the Company entered to a finder's fee agreement with Exiteam Capital Partners Ltd., an Israeli venture capital firm. Exiteam was responsible for raising the Company's convertible note. As compensation for introducing Israeli investors who invest in Cannibble, the Company has agreed to pay Exiteam a cash commission equal to 8% of the amount invested by such investors and issue to Exiteam share purchase warrants ("Exiteam Warrants") to purchase shares of the Company equal to 8% of the number of shares issued to investors introduced by Exiteam.
- c. The Exiteam Warrants are exercisable, subject to a listing on a Canadian stock exchange, for a period ending on the earliest of: the listing of the Company's shares on a Canadian stock exchange, a change of control of Cannibble; or 36 months from the issuance of the Exiteam Warrants. Upon completion of the recruitment of the convertible note, 193,142 warrants were given to the Company's service provider. The valuation of the warrants was set at fair value according to the date of grant and amounted to \$33.

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

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

(\*) based on comparable companies from the industry.

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

As additional compensation, if Exiteam introduces investors who invest more than CAD\$1,000 (Approximately \$800) Exiteam will be entitled to an additional bonus of CAD\$50 payable in free tradeable shares subject to a listing. CAD\$50 (approximately \$40) has been recognized in general and administrative expenses for the year ended December 31, 2021 and CAD\$50 (approximately \$40) has been included in other accounts payable, as a contingent liability. The amount remains in accounts payable at December 31, 2022. At December 31, 2023 Exiteam is not entitled to the additional bonus, and the amount was reduced from account payable.



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

(In thousands of US Dollars)

**NOTE 12: - SHAREHOLDERS' EQUITY (Cont.)**

- d. On March 31, 2021, the Company authorized the Bonus of its Shares on a one for four basis. The number of shares reflected throughout the consolidated financial statements are on a pre-bonus basis.
- e. On April 15, 2021, the Company issued 26,882 ordinary shares to Amuka Capital Corp., an advisor or services. The Company also issued Amuka warrants exercisable to acquire one ordinary share for a period of 24 months from the date of listing of the company's ordinary shares at an exercise price of CAD\$1.40. At the time of grant, the value of these shares and warrants is 13\$ (approximately CAD\$16) and 7\$ (approximately CAD\$9), respectively.
- f. On July 5, 2021, the Company completed an offering of units ("Units") of its securities through Frontfundr Financial Services Inc. ("Frontfundr"), a Canadian equity crowd-funding platform and exempt market dealer. Each Unit was priced at CAD\$0.93 (approximately \$0.71) and comprised one ordinary share and one share purchase warrant exercisable to acquire one ordinary share for a period of 24 months from the date of listing of the company's ordinary shares at an exercise price of CAD\$1.40 (approximately \$1.07). The Company issued a total of 160,936 Units for gross proceeds of CAD\$ 149.6, (approximately \$114.84) pursuant to available prospectus exemptions. Pursuant to the agency agreement the Company signed with Frontfundr in November 2020; it issued 7,415 share purchase warrants to Frontfundr. Each of the Frontfundr warrants is exercisable for period of 3 years from the date of listing of the company's ordinary shares to acquire one ordinary share at an exercise price of CAD\$1.4 (approximately \$1.07).

Since the warrants issued through crowd-funding have an exercise price denominated in a different currency (Canadian Dollars) than the functional currency of the Company(US Dollars), the crowd-funding warrants are recorded at their fair value as a derivative liability. Warrant liabilities are classified as a level 3 fair value in the fair value hierarchy.

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

	<u><b>December 31, 2021</b></u>
Expected volatility (%)	130.07
Risk-free interest rate (%)	0.24
Underlying Share Price (CAD \$)	0.62
Conversion Price (CAD \$)	1.4

The warrant liability was initially recorded at \$40 thousand. As at December 31, 2021 the fair value of warrants had decreased to \$24 thousand and \$16 thousand was recorded as a finance income through profit and loss.

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

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

(In thousands of US Dollars)

**NOTE 12: -SHAREHOLDERS' EQUITY (Cont.)**

**December 31, 2022**

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Expected volatility (%)	150.6
Risk-free interest rate (%)	4.76
Underlying Share Price (CAD \$)	0.35
Conversion Price (CAD \$)	1.4

As for December 31, 2022 the fair value of the warrant liability is \$4 thousand, and \$20 thousand was recorded as finance income through profit and loss.

At December 31, 2023, the fair value of the warrant liability was calculated using the Black Scholes model, based on the following assumptions:

**December 31, 2023**

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Expected volatility (%)	78%
Risk-free interest rate (%)	5%
Underlying Share Price (CAD \$)	0.1
Conversion Price (CAD \$)	1.4

As for December 31, 2023 there is no fair value for the warrant liability, and \$4 thousand was recorded as finance expenses through profit and loss.

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

**July 5, 2021**

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Expected volatility (%)	118.11
Risk-free interest rate (%)	0.45
Underlying Unite Price (CAD \$)	0.93
Conversion Price (CAD \$)	0.93

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

- g. On December 22, 2021, the Company issued 26,882 shares to an advisor for consulting services provided. The fair value of the said services was CAD\$25 (approximately \$19).

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

(In thousands of US Dollars)

**NOTE 12: -SHAREHOLDERS' EQUITY (Cont.)**

- h. On December 29, 2021, the Company effected a Debt Conversion, pursuant to which it issued the following shares to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner in consideration for the cancellation of part of the debt owed to them on account of accrued salary.

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

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

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

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

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

The fair value of the warrants issued under private placement was \$207 thousand (270 CAD thousand). Since the warrants have an exercise price denominated in a different currency (Canadian Dollars) than the functional currency of the Company (US Dollars), these warrants are recorded at their fair value as a derivative liability and are classified as a level 3 fair value in the fair value hierarchy.

The fair value of the warrants was estimated using the Black Scholes option-pricing model with the following assumptions:

	<u>September 6, 2022</u>
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 FOOD-TECH LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US Dollars)

**NOTE 12: -SHAREHOLDERS' EQUITY (Cont.)**

At December 31,2022, the fair value of the warrants increased to \$283 thousand (384 CAD thousand) and \$76 thousand was recognized as a finance expense through profit and loss. The fair value of the warrant liability for the private placement warrants is estimated using the Black Scholes option-pricing model with the following assumptions:

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

At December 31,2023, the fair value of the warrants decreased to \$0.06 thousand (0.08 CAD thousand) and \$283 thousand was recognized as a finance expense through profit and loss. The fair value of the warrant liability for the private placement warrants is estimated using the Black Scholes option-pricing model with the following assumptions:

	<u><b>December 31, 2023</b></u>
PV of exercise Share price	0.7 CAD
Expected Volatility	78%
Risk Free Interest Rate	5%
Expected Term (years)	0.64
Expected Dividend Yield	-

k. On September 2022, the Company issued 19,397 shares to its advisor, Gorilla marketing.

l. on March 11, 2022, the Company issued 150,000 warrants with the exercise price of 0.93 CAD to the advisor Ontario according to the consulting agreement. The fair value of the options was estimated using the Black Scholes option-pricing model with the following assumptions:

	<u><b>March 11,2022</b></u>
PV of exercise Share price	0.4 CAD
Expected Volatility	113.98%
Risk Free Interest Rate	1.75%
Expected Term (years)	2
Expected Dividend Yield	-

The fair value of the options was \$19 thousand (24 CAD thousand).

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

(In thousands of US Dollars)

**NOTE 12: -SHAREHOLDERS' EQUITY (Cont.)**

m. On May 2023 the Company entered into a Convertible Loan Agreement in the amount of CAD\$210 thousand (\$155 thousand). The issuing expenses were \$12 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 CSE approving the listing of the ordinary shares of the Company following completion of the Company's proposed acquisition of Eshbal (see note 20); and the
2. date on which the board of directors resolve to terminate the fundamental change transaction.

On December 2023, the principal amount CAD\$ 210 and the accrued interest of CAD\$ 31.5 converted into 862,500 units of the Company at the conversion price of CAD\$0.28 per unit with each unit comprised of one ordinary share of the Company 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 issue.

On December 8, 2023 the Company completed a non- brokered private placement: 862,500 units from the convertible loan and additional 1,254,300 units:

On December,8 2023, the Company completed a non-brokered private placement comprised of 1,254,300 units of its securities at 0.28 CAD per Unit, for aggregate gross proceeds of \$261,145 (351,204 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. In connection with the Private Placement, the Issuer paid finder's fees of 8% cash and 8% finder warrants.

The fair value of the 862,500 warrants and the 1,254,300 warrants – total of 2,116,800 warrants issued under private placement was \$66 thousand (88 CAD thousand). Since the warrants have an exercise price denominated in a different currency (Canadian Dollars) than the functional currency of the Company(US Dollars), these warrants are recorded at their fair value as a derivative liability and are classified as a level 3 fair value in the fair value hierarchy.

The fair value of the warrants was estimated using the Black Scholes option-pricing model with the following assumptions:

	<u>December 8, 2023</u>
PV of exercise Share price	0.4 CAD
Expected Volatility	74%
Risk Free Interest Rate	4.1%
Expected Term (years)	2
Expected Dividend Yield	-

At December 8, 2023, the fair value of the warrants was \$66 thousand (88 CAD thousand).

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

(In thousands of US Dollars)

**NOTE 12: - SHAREHOLDERS' EQUITY (Cont.)**

The fair value of the warrant liability for the private placement warrants is estimated using the Black Scholes option-pricing model with the following assumptions:

	<u>December 31 ,2023</u>
PV of exercise Share price	0.4 CAD
Expected Volatility	74%
Risk Free Interest Rate	3.9%
Expected Term (years)	1.94
Expected Dividend Yield	-

At December 31,2023, the fair value of the warrants decreased to \$14 thousand (19 CAD thousand).

The fair value of the 160,344 warrants issued to Exiteam under the agreement was calculated using the Black Scholes model, based on the following assumptions:

	<u>December 31 ,2023</u>
PV of exercise Share price	0.28 CAD
Expected Volatility	74%
Risk Free Interest Rate	3.9%
Expected Term (years)	1.94
Expected Dividend Yield	-

The fair value of the Exiteam warrants was \$1.7 thousand (Approximately CAD\$ 2.3 thousand)

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

\* Updated retroactive on a one for four bases (note 12d)

	<u>Number of shares as of December 31, 2022</u>	
	<u>Authorized</u>	<u>Issued and outstanding</u>
Common shares with a par value of NIS 0.01	1,000,000	23,519,596

	<u>Number of shares as of December 31, 2023</u>	
	<u>Authorized</u>	<u>Issued and outstanding</u>
Common shares with a par value of NIS 0.01	1,000,000	26,023,896

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

(In thousands of US Dollars)

**NOTE 12: -EQUITY (Cont.)**

Share activity	Issued and outstanding December 31, 2021
<b>Balance – Beginning of Period</b>	<b>18,677,024</b>
April 15, 2021 ordinary shares to Amuka Capital Corp (note 12e)	26,882
July 5, 2021 ordinary shares to private investors (note 12f)	160,936
December 22, 2021, issued shares to Amuka Capital Corp (note 12g)	26,882
December 29, 2021 Yoav Bar-Joseph, Elad Barkan and Ziv Turner (note 12h)	234,886
December 31, 2021, CLA conversion (note 12i)	2,594,789
<b>Balance – End of Period</b>	<b>21,721,399</b>
<b>Share activity</b>	<b>Issued and outstanding December 31, 2022</b>
<b>Balance – Beginning of Period</b>	<b>21,721,399</b>
July, 2022 issued of shares and warrants (note 12j)	525,000
August, 2022 issued of shares and warrants (note 12j, 12k)	1,273,197
<b>Balance – End of Period updated until December 2022</b>	<b>23,519,596</b>
<b>Share activity</b>	<b>Issued and outstanding December 31, 2023</b>
<b>Balance – Beginning of Period</b>	<b>23,519,596</b>
March, 2023 issued of shares to external directors (note 21g)	200,000
December, 2023 issued of shares to external directors (note 21g)	187,500
December, 2023 issued of shares and warrants (note 12 m)	2,116,800
<b>Balance – End of Period updated until December 2022</b>	<b>26,023,896</b>
<b>Warrants activity</b>	<b>Issued and outstanding December 31, 2021</b>
<b>Balance – Beginning of Period</b>	<b>0</b>
Issued of warrants	2,314,564
<b>Balance – End of Period updated until December 2021</b>	<b>2,314,564</b>

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

(In thousands of US Dollars)

**NOTE 12: -EQUITY (Cont.)**

Warrants activity	Issued and outstanding December 31, 2022
<b>Balance – Beginning of Period</b>	<b>2,314,564</b>
July, 2022 issued of shares and warrants (note 12j)	525,000
August, 2022 issued of shares and warrants (note 12j)	1,396,104
<b>Balance – End of Period updated until December 2022</b>	<b>4,235,668</b>

Warrants activity	Issued and outstanding December 31, 2023
<b>Balance – Beginning of Period</b>	<b>4,235,668</b>
January, 2023 waiver (note 21a, note 21b)	(616,669)
December, 2023 issued of shares and warrants (note 12 m)	2,277,144
<b>Balance – End of Period updated until December 2023</b>	<b>5,896,143</b>

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

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

\* The expenses record during 2021 was \$43 thousand.

Warrants treated under IFRS 2 as at December 31, 2022 are as follows:



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

(In thousands of US Dollars)

**NOTE 12: -EQUITY (Cont.)**

	<b>The year ended December 31, 2022</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price (CAD)</b>
Warrants outstanding at beginning of period	195,233	1.38
Granted	150,000*	0.93
Exercised	-	-
Warrants outstanding at end of period	345,233	1.18
Exercisable warrants	345,233	1.18

\* The expenses record during 2022 was \$19 thousand.

Warrants treated under IFRS 2 as at December 31, 2023 are as follows:

	<b>The year ended December 31, 2023</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price (CAD)</b>
Warrants outstanding at beginning of period	345,233	1.18
Exercised	-	-
Warrants outstanding at end of period	345,233	1.18
Exercisable warrants	345,233	1.18

**NOTE 13: Selling and marketing expenses:**

	<b>Year ended. December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$ in thousands</b>	
Salaries and related expenses	294	338
Advertising and marketing	23	213
Travel abroad	-	40
Other	1	148
Total	318	739

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

(In thousands of US Dollars)

**NOTE 14: Research and development expenses:**

	Year ended December 31,	
	2023	2022
	US\$ in thousands	
Salaries and related expenses	294	389
Other (note 21c)	90	3
Total	384	392

**NOTE 15: General and administrative expenses:**

	Year ended December 31,	
	2023	2022
	US\$ in thousands	
Salaries and related expenses	228	195
Professional services	231	671
Legal	73	-
Uncollectible accounts	29	-
Other	130	46
Total	691	912

**NOTE 16: Financial (income) and expense:**

	Year ended. December 31,	
	2023	2022
	US\$ in thousands	
<b>Financial expenses</b>		
Foreign exchange gains and losses	-	5
Warrants revaluation	-	53
Convertible loan interest	23	-
Other	10	-
<b>Total</b>	<b>33</b>	<b>58</b>

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

(In thousands of US Dollars)

**Financial income**

Foreign exchange gains and losses	(60)	(142)
Warrants revaluation	(339)	-
<b>Total</b>	<b>(399)</b>	<b>(142)</b>
<b>Total financial (income) expenses</b>	<b>(366)</b>	<b>(84)</b>

**NOTE 17: TAXES ON INCOME**

- a. corporate tax rates in Israel:  
The Israeli corporate tax rate in n 2022 and 2023 was 23%.
- b. Final tax assessments:  
The Company has not received final tax assessments since inception.
- c. Deferred taxes:  
As of December 31,2023, the Croup has estimated carry forward tax losses of approximately 5,831\$ thousand which may be carry forward and offset against taxable income for an indefinite period in the future.The Company did not recognize deferred tax assets relating to carryforward losses in the financial statements because their utilization in the foreseeable future is not probable.

**NOTE 17: TAXES ON INCOME (cont.)**

	<b>Year ended December 31, 2023</b>	<b>Year ended. December 31, ,2022</b>
Loss before taxation	(1,085)	(1,952)
Theoretical tax credit at applicable statutory 2023 and 2022: 23%	(249)	(448)
Non allowable expenses	29	2
Temporary differences and tax losses for which no DTA is recognized	(220)	(446)
Income tax benefit	-	-

- d. Current taxes:  
The Company did not record any current taxes for the years ended December 31, 2022, and 2023 as it is still incurring losses on an ongoing basis.

**NOTE 18: -BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

- a. Parties are 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 or if they are key management personals. 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.

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

(In thousands of US Dollars)

**b. Payable related parties:**

Related Party	Nature	For the year ended December 31, 2023	For the year ended December 31, 2022
		US\$ in thousand	
Elad Barkan – CTO, Director & shareholder & founder	Salary fees (1)	823	561
Ziv Turner- VP BUSNISS, Director & shareholder & founder	Salary fees (1)	823	561
JOAV BAR JOSEPH – CEO, Director & shareholder & founder	Salary fees (1)	823	561
<b>Total</b>		<b>2,469</b>	<b>1,683</b>

**NOTE 18: -BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont.)**

**c. The following transactions arose with related parties:**

**Transactions- expenses**

	For the year ended December 31,	
	2023	2022
	(US\$ in thousands)	
Fees to CEO, CTO & VP BUSNISS (1)	835	812
Fees to CFO	63	68
Asaf porat	-	25

(1) The three management employees shall receive a salary of 24 \$ thousand a month from June 2020. As for December 31, 2023, this amount is a part of accrued expenses (see note 9). The Company and the management employees 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.

d. On December 29, 2021, in connection with the Company's efforts to become a reporting issuer and seek a listing on the CSE, the Company effected the Debt Conversion, pursuant to which it issued the following shares to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner in consideration for the cancellation of part of the debt owed to them on account of accrued salary. (N1 ote2h)

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

(In thousands of US Dollars)

**NOTE 19: CAPITAL MANAGEMENT**

The Group considers its capital to be comprised of shareholders' equity. The Group's objectives in managing its capital are to maintain its ability to continue as a going concern and to further develop its business. To effectively manage the Group's capital requirements, the Group has a planning and budgeting process in place to meet its strategic goals. In order to facilitate the management of its capital requirements, the Group prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure the above objectives are met. There have been no changes to the Group's approach to capital management during the year ended December 31, 2023. There are no externally imposed restrictions on the Group's capital.

**NOTE 20: INVESTMENT IN ESHBAL**

On November 16, 2022, the Company provided an update on the progress of the proposed transaction with Eshbal Functional Foods Cooperative Ltd. and announced that the parties had started to collaborate on sales prior to completion of the Proposed Transaction, as a result of which Cannibble had received two orders from a distributor in the United States for one of Eshbal's leading products.

Following a period of due diligence and negotiation, the Company, Eshbal, Eshbal Trading Ltd., and

L.D. Barel Ltd. entered into a definitive share purchase agreement on November 27, 2022, for the Proposed Transaction. Pursuant to the Share Purchase Agreement, Cannibble agreed to acquire all the outstanding membership interests of Eshbal in exchange for ordinary shares of Cannibble. The Share Purchase Agreement was negotiated at arm's length. Upon closing of the Proposed Transaction, Eshbal would have become a wholly-owned subsidiary of Cannibble and Cannibble, as the "Resulting Issuer", would have carried on the businesses of Cannibble and Eshbal. The purpose of the Proposed Transaction was to leverage Eshbal's success in providing the Israeli retail market with innovative gluten free baked products into sales and marketing of these products in the US gluten free market together with Cannibble products under "the Pelicann" brand.

On November 20, 2023, the Share Purchase Agreement was amended (as amended, the "**Amended DA**"). As restructured, the Proposed Transaction was revised to no longer constitute a "fundamental change" for Cannibble, as defined by the rules and policies of the CSE.

The Amended DA provides for a potential series of investments in Eshbal by Cannibble, beginning with an initial investment of CAD \$322,000 by Cannibble to acquire a 7.75% interest in Eshbal. Following the closing of the Initial Investment, Cannibble was to 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, Cannibble's percentage ownership of Eshbal will be adjusted in accordance with the New Valuation.

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

(In thousands of US Dollars)

**NOTE 20: INVESTMENT IN ESHBAL (cont.)**

On December 19, 2023, Cannibble completed the Initial Investment in Eshbal, acquiring a 7.75% interest in Eshbal for CAD\$322,000 (\$242,366) investment amount net after issuance fees. Concurrent with the completion of the Initial Investment, Cannibble and Eshbal signed a distribution agreement giving Cannibble sole distribution rights to sell, market, and distribute Eshbal's products in North America.

The Company classified the investment in a fair value model through profit and loss and changes in the fair value will be recorded through Profit and loss.

The Company Completed the investment in 19 December 2023 and the Company believe that the financial consideration paid in cash also reflects the fair value as of December 31, 2023

**NOTE 21: MATERIAL EVENTS DURING THE PERIOD**

a. On January 1, 2023 ZER MATOK sign a waiver document. ZER MATOK waive the 546,776 warrants owed to them by the Company as part of past agreements.

b. On January 1, 2023 Exiteam signed a waiver document to waive the 69,893 warrants owed to them by the Company as part of bonus warrants for finders fee.

**NOTE 21: MATERIAL EVENTS DURING THE PERIOD (cont.)**

c. 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.

The agreement was annulled on October, 1, 2023.

d. 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 months.

Eshbal will pay EAZY the monthly amount of \$10 thousand as a fix fee.

The agreement was annulled on October, 1, 2023.

e. On January 9, 2023 the Company entered a consulting services agreement with SANJ CAPITAL CORP. (the consultant). the Agreement shall continue for a period ending April 30, 2023.

The Company paid the consultant A monthly fee of CAD\$5,000 (approximately \$3,659) of which CAD\$2,500 is paid monthly and CAD\$2,500 accrued and to be paid upon Transaction closing.

e. On January 9, 2023 the Company entered a finders agreement with EXITEAM CAPITAL

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

(In thousands of US Dollars)

**NOTE 21: MATERIAL EVENTS DURING THE PERIOD (cont.)**

PARTNERS LTD. The finders will assist the Company to raise up to \$4.5 M CAD or more as will be instructed by the Company 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 Company specific persons and/or entities on a nonexclusive basis that subsequently: invests in the Company, purchases any assets from the Company, purchase any securities of the Company, lends any funds to the Company, or effects a combination of the above-mentioned transaction, either in one transaction or in series of related transactions. Advising the Company in negotiations with Identified Prospects; coordinating communication between the Company and Identified Prospects; and providing the Company with ongoing updates and reports detailing the outcome of discussions, meetings, and other communications with Identified Prospects.

The Company will pay the finders the service fees: For financings actually received by the Company 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 Company 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 Company. In addition to the Commission Fee, the Company shall issue the Finder with warrants to purchase a number of ordinary shares of the Company equal to 8% of the financing received by the Company. 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 February 1, 2023 the Company signed a Unanimous written resolution granting to each of the External Directors of 100,000 RSUs that will vest in full on March 2, 2023.

On March 2, 2023, the Company issued an aggregate of 200,000 ordinary shares to its two outside directors in compensation for their services. The shares were issued at a deemed price of CAD\$0.35 per share pursuant to RSUs granted under the directors' agreements with the Company and will not be subject to any hold period under securities laws.

On December 2, 2023, the Company issued an aggregate of 187,500 ordinary shares to its two outside directors in compensation for their services. The shares issued at a deemed price of CAD\$0.28 per share pursuant to RSUs granted under the directors' agreements with the Company and will not be subject to any hold period under securities laws.