

# **STICKIT LIMITED**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2023**

**(UNAUDITED)**

**CAD IN THOUSANDS**

### **INDEX**

	<b>Page</b>
<b>Interim condensed Consolidated Statements of Financial Position</b>	<b>2</b>
<b>Interim condensed Consolidated Statements of Comprehensive Income</b>	<b>3</b>
<b>Interim condensed Consolidated Statements of Changes in Equity</b>	<b>4</b>
<b>Interim condensed Consolidated Statements of Cash Flows</b>	<b>5-6</b>
<b>Notes to the Interim condensed Consolidated Financial Statements</b>	<b>7-9</b>

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 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 accompanying unaudited condensed interim financial statements of the Company for the three and nine months ended September 30, 2023, have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditors.

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**STICKIT LIMITED**

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**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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**CAD in thousands**

	<u>As of September 30,</u>		<u>As of</u>
	<u>2023</u>	<u>2022</u>	<u>December 31,</u>
			<u>2022</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	540	1,164	995
Other accounts receivable	62	64	73
Inventories – finished goods	34	1	45
<b>Total current assets</b>	<b>636</b>	<b>1,229</b>	<b>1,113</b>
<b>Non-current assets</b>			
Right for use of leased assets	-	7	4
Fixed assets	25	33	29
<b>Total non-current assets</b>	<b>25</b>	<b>40</b>	<b>33</b>
<b>Total assets</b>	<b>661</b>	<b>1,269</b>	<b>1,146</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Excess of losses over investment in associate joint venture company	76	19	85
Trade accounts payable	48	49	66
Other accounts payable	31	79	55
<b>Total current liabilities</b>	<b>155</b>	<b>147</b>	<b>206</b>
<b>Total liabilities</b>	<b>155</b>	<b>147</b>	<b>206</b>
<b>Shareholders' Equity</b>			
Share capital	4	3	3
Share premium	4,201	3,078	3,101
Reserve for share-based payment transactions	964	1,797	1,862
Foreign currency translation adjustments	19	56	39
Accumulated deficit	(4,682)	(3,812)	(4,065)
<b>Total equity</b>	<b>506</b>	<b>1,122</b>	<b>940</b>
<b>Total equity and liabilities</b>	<b>661</b>	<b>1,269</b>	<b>1,146</b>

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*/s/ "Eli Ben-Haroosh"***Eli Ben Harosh**  
Chief Executive Officer and  
Director

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*/s/ "Sophie Galper Komet"***Sophie Galper Komet**  
Chief Financial Officer

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November 29, 2023Date of approval of the  
financial statements**The accompanying notes are an integral part of these interim financial statements.**

STICKIT LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CAD in thousands

	For the period of nine months ended September 30,		For the period of three months ended September 30,		For the year ended December 31,
	2023	2022	2023	2022	2022
Revenues	187	532	56	338	564
Cost of revenue	128	365	67	71	420
<b>Gross profit (loss)</b>	<b>59</b>	<b>167</b>	<b>(11)</b>	<b>268</b>	<b>144</b>
Research and development expenses	92	227	18	34	253
General and administrative expenses	489	402	159	59	591
Other expenses	-	-	-	-	1
<b>Net Operating profit (loss)</b>	<b>(521)</b>	<b>(462)</b>	<b>(188)</b>	<b>175</b>	<b>(701)</b>
Share of losses of a company accounted for at equity method	1	92	-	92	186
Finance expense	97	19	68	(1)	4
Finance income	2	93	2	(56)	158
<b>Loss</b>	<b>(617)</b>	<b>(480)</b>	<b>(252)</b>	<b>28</b>	<b>(733)</b>
<b>Other comprehensive loss:</b>					
<u>Amounts that will not be reclassified subsequently to profit or loss:</u>					
Foreign currencies translation adjustments	19	57	(33)	(45)	(73)
Total other comprehensive loss	19	57	(33)	(45)	(73)
<b>Total comprehensive loss</b>	<b>(598)</b>	<b>(423)</b>	<b>(285)</b>	<b>(17)</b>	<b>(806)</b>
<b>Loss per share attributable to ordinary shareholders of the Company:</b>					
Basic and diluted loss per share	<b>(0.635)</b>	<b>(0.55)</b>	<b>(0.258)</b>	<b>(0.03)</b>	<b>(0.85)</b>

The accompanying notes are an integral part of these interim financial statements.

**STICKIT LIMITED**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**CAD in thousands**

	<u>Share Capital</u>	<u>Share premium</u>	<u>Share-based payments transactions</u>	<u>Foreign currencies translation adjustments</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance as of January 1, 2023 (Audited)	<b>3</b>	<b>3,101</b>	<b>1,862</b>	<b>39</b>	<b>(4,065)</b>	<b>940</b>
Issuance of shares	(*)	53	-	-	-	53
Exercise of stock options	1	1,047	(993)	-	-	55
Share-based payments	-	-	95	-	-	95
Loss for the period	-	-	-	-	(617)	(617)
Other comprehensive income	-	-	-	(19)	-	(19)
Balance as of September 30, 2023 (Not-Audited)	<b>4</b>	<b>4,201</b>	<b>964</b>	<b>20</b>	<b>(4,682)</b>	<b>507</b>
Balance as of January 1, 2022 (Audited)	<b>3</b>	<b>2,945</b>	<b>1,676</b>	<b>112</b>	<b>(3,332)</b>	<b>1,404</b>
Exercise of stock options	(*)	133	-	-	-	133
Share-based payments	-	-	121	-	-	121
Loss for the period	-	-	-	-	(480)	(480)
Other comprehensive loss	-	-	-	(57)	-	(57)
Balance as of September 30, 2022 (Not-Audited)	<b>3</b>	<b>3,078</b>	<b>1,797</b>	<b>55</b>	<b>(3,812)</b>	<b>1,121</b>
Balance as of December 31, 2021	<b>3</b>	<b>2,945</b>	<b>1,676</b>	<b>112</b>	<b>(3,332)</b>	<b>1,404</b>
Exercise of stock options	(*)	156	-	-	-	156
Share-based payments	-	-	186	-	-	186
Loss for the year	-	-	-	-	(733)	(733)
Other comprehensive loss	-	-	-	(73)	-	(73)
Balance as of December 31, 2022	<b>3</b>	<b>3,101</b>	<b>1,862</b>	<b>39</b>	<b>(4,065)</b>	<b>940</b>
Balance as of July 1, 2023	<b>4</b>	<b>4,168</b>	<b>964</b>	<b>(13)</b>	<b>(4,430)</b>	<b>693</b>
Issuance of shares	(*)	53	-	-	-	53
Exercise of stock options	-	(20)	-	-	-	(20)
Share-based payments	-	-	(*)	-	-	-
Loss for the period	-	-	-	-	(252)	(252)
Other comprehensive loss	-	-	-	33	-	33
Balance as of September 30, 2023	<b>4</b>	<b>4,201</b>	<b>964</b>	<b>20</b>	<b>(4,682)</b>	<b>507</b>
Balance as of July 1, 2022	<b>3</b>	<b>3,078</b>	<b>1,797</b>	<b>10</b>	<b>(3,839)</b>	<b>1,049</b>
Exercise of stock options	(*)	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
Loss for the period	-	-	-	-	27	27
Other comprehensive loss	-	-	-	45	-	45
Balance as of September 30, 2022	<b>3</b>	<b>3,078</b>	<b>1,797</b>	<b>55</b>	<b>(3,812)</b>	<b>1,121</b>

(\*) Represent amount less than CAD 1.

**The accompanying notes are an integral part of these interim financial statements**

**STICKIT LIMITED**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**CAD in thousands**

	For the period of nine months ended September 30,		For the period of three months ended September 30,		For the year ended December 31,
	2023	2022	2023	2022	2022
<u>Cash flows from operating activities</u>					
Profit (Loss)	(617)	(480)	(252)	28	(733)
<b>Adjustments required for presenting cash flows from operating activities (Appendix A):</b>					
	124	88	75	(19)	266
Net cash used in operating activities	<b>(493)</b>	<b>(392)</b>	<b>(177)</b>	<b>9</b>	<b>(467)</b>
<u>Cash flows from investing activities</u>					
Purchase of fixed assets	(2)	-	(1)	-	(5)
Investment in associate joint venture company	-	19	-	19	(101)
Net cash used in investing activities	<b>(2)</b>	<b>19</b>	<b>(1)</b>	<b>19</b>	<b>(106)</b>
<u>Cash flows from financing activities</u>					
Shares issuance and premium on shares	108	133	33	-	156
Net cash provided by financing activities	<b>108</b>	<b>133</b>	<b>33</b>	<b>-</b>	<b>156</b>
Net decrease in cash and cash equivalents	<b>(387)</b>	<b>(240)</b>	<b>(145)</b>	<b>28</b>	<b>(417)</b>
Exchange rate differences on balances of cash and cash equivalents	(68)	(86)	(10)	48	(78)
Cash and cash equivalents at the beginning of period/year	<b>995</b>	<b>1,490</b>	<b>695</b>	<b>1,088</b>	<b>1,490</b>
Cash and cash equivalents at the end of period/year	<b>540</b>	<b>1,164</b>	<b>540</b>	<b>1,164</b>	<b>995</b>

**The accompanying notes are an integral part of these interim financial statements.**

**STICKIT LIMITED**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

CAD in thousands

**Appendix A - Adjustments required for presenting cash flows from operating activities:**

	For the period of nine months ended September 30,		For the period of three months ended September 30,		For the year ended December 31,
	2023	2022			2022
<b>Significant non-cash transactions:</b>					
Depreciation	9	2	1	1	11
Share-based payments	95	121	-	-	186
Equity in net loss of associated joint venture company	1	(19)	-	(19)	186
<b>Changes in operating assets and liabilities:</b>					
Increase in accounts payable	22	71	48	(8)	4
decrease in inventories	7	(1)	(1)	27	(45)
Increase in other accounts receivable	4	(44)	48	29	(52)
Increase (decrease) in trade accounts payable	(14)	(42)	(21)	(49)	(24)
	<b>124</b>	<b>88</b>	<b>75</b>	<b>(19)</b>	<b>266</b>

**The accompanying notes are an integral part of these interim financial statements.**

## STICKIT LIMITED

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS

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CAD in thousands

#### Note 1 - General

##### A. General description of the Company and its operations

STICKIT LIMITED an Israeli corporation ID 516091360 (hereafter: "**the Company**") incorporated on 2019 as a private company limited by shares, in Israel, and commenced its business operations in October 2019. The registered office of the Company is Dalton Industry Park, Israel. The Company has a wholly owned subsidiary in the Spain Stickit Labs SL. which was incorporated in Spain.

On January 2022 the Company entered into a joint venture agreement with Hempacco CO. whereby, the Company invested CAD 101 thousand (out of the agreed investment commitment of USD 250 thousand) in Stick-It USA, Inc. (hereafter: "**the US Company**") for the issuance of 50% of the outstanding and issued share capital of the US Company at the closing date of the investment, see Note 7 in the annual consolidated financial statements.

The Company developed, market and sale high-quality "Cannabis Sticks" base on a registered PCT patent no. 11582996 B2, for which the patent application was assigned to the Company for CAD 0.001 on 1 2021 by Mr. Asher Holzer, President of the Company; designed to be inserted into any cigarette/joint of any kind. The cannabis stick is reminiscent of a toothpick, which allows it to be easily inserted into any cigarette. The stick consists of a source extract of cannabis ingredients (the "green plant") - and not oil-derived - it burns as fast as a cigarette and saves the cumbersome need of rolling and allows the user to consume more percent of active ingredients than any other product.

During October 2023, the Company completed merger transaction ("the Merger") with Aquazoom Hydropower Solutions Inc ("Aquazoom"). Accordance to the merger, Aquazoom acquired all (100%) of the Company's ordinary shares (after conversion of all the outstanding warrants and options of the Company to the Company ordinary shares) and issue to the selling shareholders of Stickit an ordinary shares of Aquazoom. Aquazoom changed its name to StickIt Technologies Inc. and became a parent company of StickIt Limited.

##### B. Financial position:

Since inception, the Company has incurred continuous losses from its business operations and has generated negative cash flows from operating activities. The Company has so far financed its operations mainly through equity resulting from capital raising.

As of September 30, 2023, and December 31, 2022, the Company accumulated deficit of CAD 4,682 thousand CAD 4,065 thousand, respectively, and it is expected to further generate losses from operations during 2023 which will be expressed in negative cash flows from operating activity. Hence the continuation of the Company's operations depends on raising the required financing resources or reaching profitability, which are not guaranteed at this point. The Company's ability to continue as a going concern, is dependent on the Company meeting the factors of the business plan designed by Management, forecasts and related key assumption, potential liquidity risks and cash flow projection.



## STICKIT LIMITED

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS

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CAD in thousands

#### Note 1 – General (Cont.)

##### A. General description of the Company and its operations (Cont.)

As part of their ongoing responsibilities, the Company's Board of Directors and Management have undertaken a thorough review of the Company's cash flow forecast and potential liquidity risks. Forecasts of operating results and cash flow projections were prepared for the period of 12 months from the date of approval of the financial statements. According to such projections, the Company's Board of Directors and Management believe that the Company have sufficient resources for the continuation of its activities and to meet its obligations for at least 12 months from the date of approval of the financial statements, and that it is appropriate to prepare financial statements on the going concern basis. The Interim Financial Statements do not include adjustments regarding the values of the assets and liabilities and their classification that may be necessary should the Company is not able to continue operating as a going concern.

#### Note 2 - Significant Accounting Policies

##### Basis of presentation of the interim consolidated financial statements:

These interim consolidated financial statements as of September 30, 2023, and for the nine and the three months then ended on September 30, 2023, were prepared in a condensed format in accordance with IAS 34, "Interim Financial Reporting" (hereafter: "Interim Consolidated Financial Statements").

Therefore, the Interim Consolidated Financial Statements do not include all the disclosure necessary for a complete presentation of financial condition, results of operations, cash flows and all the data and notes, which are required when preparing annual financial statements, in conformity with IFRS.

The Interim Consolidated Financial Statements have been approved by the Directors of the Company on November 29, 2023; and are the responsibility of directors of the Company, who are responsible for preparing the Interim Financial Information in accordance with IFRS.

The Interim Consolidated Financial statements should be read in conjunction with the Company's annual audited financial statements as of December 31, 2022, and for the year then ended and accompanying notes (hereinafter: "Annual Audited Consolidated Financial Statements").

Accounting principles used in the preparation of the Interim Consolidated Financial Statements are consistent with those principles used in the preparation of the latest Annual Audited Consolidated Financial Statements of the Company.

All significant accounting policies have been applied consistently with the Annual Audited Consolidated Financial Statements.

## STICKIT LIMITED

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS

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CAD in thousands

#### Note 3 – Significant Events During the Reporting Period

- A. On January 2023, 6,365 options were issued to service providers that were fully vested upon issuance for a total consideration of CAD 88 thousand.
- B. On January 2023, Mr. Eli Ben Harosh, the CEO and a founder of the Company exercise 100,500 stock options to 100,500 Ordinary Shares of the Company for their nominal payment.
- C. On January 30, 2023, the Company entered into a joint venture agreement with two individuals for the purpose of forming a private company for Extra-C sticks manufacturing at the industrial facilities of those individuals in Bangkok, Thailand.
- D. On August 17, 2023, 3,704 Ordinary shares were issued for total consideration of CAD 53 thousand (150 NIS thousands).
- E. **Completion of the merger transaction and listing**

On October 23, 2023, StickIt Technologies Inc. (formerly Aquazoom Hydropower Solutions Inc.) (the “Company”) closed its business acquisition of StickIt Ltd., an Israeli private company (“StickIt” and the “Acquisition” respectively). In connection with the completion of the Acquisition, the Company changed its name to Stick It Technologies Inc.

Pursuant to the terms of the Acquisition, the Company issued a total of 110,816,407 common shares (111.1357 common shares in the capital of the Company for each ordinary share in the capital of StickIt) (the “Payment Shares”), at a deemed price of \$0.4304 per Payment Share. Following completion of the Acquisition, StickIt became a wholly owned subsidiary of the Company. Concurrently with completion of the Acquisition, the Company completed a financing of \$441,000.00. The financing consisted of a total of 1,024,628 subscription receipts at a price of \$0.4304 each, that were converted on a 1:1 basis into the Company’s common shares. In addition, in connection with closing of the Acquisition, the Company issued (i) 23,232 finder warrants to arms’-length finders in connection with the Company’s concurrent financing, and (ii) 5,342,404 incentive stock options to employees of StickIt (111.1357 incentive Options in exchange for each currently outstanding StickIt Option). The terms of the exercise of the Options shall be consistent with the terms of the originally issued underlying StickIt securities. Each of the finder warrants will be exercisable into one common share of the Company at a price of \$0.55 per Company’s common share for a period of 24 months from the date of issuance.

Immediately following the completion of the Acquisition, the following persons were appointed as directors of the Company:

Eli Ben-Haroosh  
Asher Holzer  
Sophya Galper-Komet  
Steven Glaser  
Orit Berger

Also, immediately following the completion of the Acquisition, the following persons were appointed as officers of the Company:

Eli Ben-Haroosh, Chief Executive Officer  
Sophya Galper-Komet, Chief Financial Officer and Corporate Secretary  
Asher Holzer, Executive Chairman of the Board of Directors

On October 27<sup>th</sup> Stickit shares have started trading on the Canadian Securities Exchange (CSE) under the ticker symbol "STKT". Company's CSE listing statement was filed on StickIt's CSE portal and under the Company's profile on SEDAR+.