STICKIT LIMITED

FORM 51-102F1

Management’s Discussion and Analysis

For the Three and Nine Months ended,
September 30, 2023

1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of StickIt Limited. (the "Company" or "StickIt") is prepared as at November 29 2023 and should be read in conjunction with the unaudited condensed interim financial statements and the accompanying notes for the condensed interim financial statements of the Company for three and nine months ended September 30, 2023, as well as the audited annual financial statements and related notes for the year ended December 31, 2022 (the "Annual Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless the context indicates otherwise, references to "StickIt", "the Company", "we", "us" and "our" in this MD&A refer to StickIt Technologies Inc. or StickIt Limited, as applicable, and its operations.

2. FORWARD-LOOKING INFORMATION

Certain information included in this MD&A contains forward-looking information within the meaning of applicable securities laws. This information includes, but is not limited to, statements made in *Business Overview and Strategy, Results from Operations, Debt Profile* and other statements concerning Company's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this MD&A is qualified by the following cautionary statements. Forward looking information necessarily involves known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond Company's control, affect the operations, performance and results of the Company, and could call actual results to differ materially from current expectations of estimated or anticipated events or results. Although the Company believes that the expectations reflected in such forward-looking information are reasonable and represent the Company's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Company's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: **Business Overview**, **Results from Operations**, **Liquidity and Capital Resources**, **Capital Structure**. See **Risks and Uncertainties** for further information. The reader is cautioned to consider these factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this MD&A is made as of the date of this MD&A and should not be relied upon as representing Company's views as of any date subsequent to the date of this MD&A. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE

(a) Business overview

StickIt was incorporated on October 2, 2019, under incorporation number 516091360 in Israel under the Israeli Company Act and is a private technology company existing under the laws of the State of Israel. StickIt's primary business is the technological development and manufacturing of smoking utensils containing plant extracts and in particular the Extra-C sticks. Currently, derived from a proprietary production process, Extra-C stick offers condensed cannabis oil in a unique matrix giving it just the right rigidity, similar to a toothpick that instantly converts a regular cigarette into a cannabis/hemp cigarette. Once inserted, Extra-C stick burns at the same rate as the cigarette. The principal assets of StickIt are various patents and patent applications with respect to (i) plant extracts and therapeutic compounds in smoking utensils and in honey complexes, and (ii) devices and method for prevention and treatment of fungal and bacterial microorganisms.

The main facilities of StickIt are currently located in Dalton, Northern Israel, where StickIt currently leases 110 m2 of industrial building for the purpose of its current manufacturing and packaging operations. The additional manufacturing facility is in industrial area of Barcelona, Spain, where StickIt Spain leases 100 m2 of floor to produce a CBD sticks, the CBD sticks contain 100 Mg CBD 99.6% clear.
In addition, on January 30, 2023, StickIt 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. Currently StickIt Thailand leases 55 m2 of floor in the industrial area Bangkok, Thailand to produce a CBD sticks, the CBD sticks contain 80 Mg CBD 99.6% clear.

(b) Growth strategy

StickIt is a technology company, and its operating model is to establish joint ventures in countries around the world where recreational cannabis is permitted. Each licensee/joint venture partner will establish a production facility in which they will add the cannabis content to sticks produced and supplied by StickIt. As part of the agreement StickIt is expected to provide the joint venture with the know-how required to manufacture the finished product. The licensee is expected to pay a setup fee by investing the funds necessary to set up the local production facility. Each licensee will have exclusive rights to produce and market StickIt products in their designated territory.

StickIt utilizes its production facility in Northern Israel to produce all the raw materials, except the cannabis, required to produce the Extra-C sticks. The raw materials are supplied to joint venture partners each located in regions selected according to their size and favorable regulation for recreational cannabis. The licensee/joint venture partner will produce the finished product, adding cannabis to the raw materials, and will sell them either directly to the points of sale or through distributors. Following the initial set-up costs the ownership of the joint venture shall be 50% StickIt and 50% local partner. The straightforward nature of the production process will make local production, using locally grown cannabis, quick and economically reasonable.

Each Joint Venture will recruit a team of business development and marketing executives who will aim to (i) locate the right network of distributors in each region, map the point of sale and carry out market research to gauge local demand; (ii) sign sub-service agreements with licensed distributors in each territory if required; (iii) and work closely to support points of sale with a view to maximizing sales and create pull marketing where such point of sale will drive demand from the distributors for increasing volumes of product. Marketing departments of such joint ventures are expected to create "local marketing materials" to be compliant with the local regulations. The operations department of such joint venture is expected to arrange for local packing & delivery in accordance with local laws and regulations.

(Expressed in thousands of Canadian dollars (CAD) unless otherwise stated)

3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)

(b) Growth strategy (cont'd)

StickIt's licensees are expected to study local demand and preference is expected be given to a long-term supply agreement exploiting the unique ability of StickIt to supply product at a consistent quality and composition.

It is recognized that advertising may not be allowed, especially in the US, and therefore the marketing strategies will be multi-level including:

a) Public Relations – extensive campaigns to build awareness of the product, utilizing TV and online media.
b) Events – including conferences and demos.
c) Point of Sale – promotional material.

(c) Proprietary Protection

The development, licensing, and protection of intellectual property is a core part of StickIt's business strategy and is a key element to its success. StickIt intends to seek appropriate patent protection and intellectual property protection for its business, as well as other proprietary technologies and their uses, by filing applications with the European Union, the U.S., Canada, Israel and selected other countries.

StickIt has invested significant resources towards developing a recognizable and unique brand consistent with premium, high-end products in other industries. StickIt currently has five granted patents and one additional application with respect to the plant extracts and therapeutic compounds in smoking utensils and in honey complexes and two patent applications with respect to devices and method for prevention and treatment of fungal and bacterial microorganisms, as described in the table below:

Country	Application Number	Date	Status
USA	US11,582,996 B2	02/21/2023	Granted
Brazil	BR 1120210014560	7/25/2023	RFE filed. Awaiting first Office Action.
Canada	CA 3107730	30/07/2023	Granted
Israel	IL 280409	30/09/2023	Granted
Europe	P22361EPPC	05/09/2023	Granted

On February 21, 2023, StickIt was granted a US patent under registration US11,582,996 B2 in connection with the plant extracts and therapeutic compounds in smoking utensils.

On May 9, 2023 StickIt was notified by the examining division of European Patent Office, that is was granted a European patent in connection with the plant extracts and therapeutic compounds in smoking utensils in 38 European countries, including Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, The Former Yugoslav Republic of Macedonia, Turkey and United Kingdom.

On 30 July 2023 and 30 September 2023 StickIt has been granted patents in Canada and Israel respectively.

StickIt's business practices protect its intellectual property rights through confidentiality policies and provisions and the use of appropriate restrictive covenant agreements with, among others, StickIt's contractors, consultants, and customers. StickIt actively seeks to protect and enforce its intellectual property rights to prevent unauthorized use by third parties.

3. BUSINESS OVERVIEW AND OVERALL PERFORMANCE (CONT'D)

(d) Investment in associate joint venture

On January 19, 2022, StickIt and Hempacco Co., Inc. ("Hempacco") entered into an arm's length joint venture agreement for the formation of Stick-It USA, Inc. under the laws of the State of Delaware ("Stick-It USA"), which will be held in equal parts by Stick-It and Hempacco. On September 7, 2022, the parties entered into an amendment to the Joint Venture Agreement. According to the Joint Venture Agreement and the amendment thereto Stick-It USA will engage in manufacturing, marketing and sale in the USA and Mexico of hemp smokable products, including StickIt's Extra-C sticks - a line of cannabinoid sticks for smokables. StickIt USA will rely on the licenses that Hempacco (its contract manufacturer) possess in order to perform the manufacturing and distribution. StickIt relies on Hampacco's contractual representations concerning performance in accordance with law. Hempacco is currently one of leaders in the production of herb and hemp cigarettes.

Subsequently, on December 19, 2022, and in anticipation of completion of the Acquisition, Aquazoom and Hempacco entered into an exclusive master distribution agreement, for the marketing and distribution by The company of Hempacco's hemp smokable products and CBD products under various brands owned by Hempacco exclusively in the State of Israel and Canada and non-exclusively in Europe, provided the Resutling Issuer aquire the necessary licenses and permits, if required. The term of the exclusive master distribution agreement is 5 years plus one renewal term of 5 years.

(e) Reverse takeover

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 CAD 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 CAD The financing consisted of a total of 1,024,628 subscription receipts at a price of 0.4304 CAD 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 CAD 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

(f) Management and key employees

Eli Ben-Haroosh - President, CEO and Director

Mr. Ben-Haroosh is a seasoned executive and prior to joining StickIt he served as President of Vonetize PLC, a cannabis cultivation company in Colorado, USA, listed on the Tel-Aviv Stock Exchange. In the previous 7 years served as VP and CEO of Premier – Dead Sea and was responsible for sales in 74 countries and in close to 1,000 points of sale generating tens of millions of dollars a year. MR. Ben-Haroosh currently serves as the director of several companies. and as the president of Mariana Inc. and Zero Candida. He holds a degree in business management from Ben Gurion University of the Negev.

Asher Holzer – Founder and Director

Mr. Holzer has over 30 years' experience in management of both private and public corporations in the medical device and the biotech industry. His expertise covers a wide range of activities including product development, clinical studies, regulatory affairs and marketing. Asher founded several successful bio-tech companies and served as their chairman and president. These included InspireMD (NYSE MKT: NSPR), a medical device company which improves treatment of patients undergoing heart stenting and UroGen Pharma (NASDAQ: URGN) focusing on developing therapies for urological pathologies. Asher was part of the management team of Biosense which was acquired by Johnson & Johnson in 1997 and became the worldwide market leader in developing and marketing products for the diagnosis and treatment of cardiac arrhythmias. He holds a Ph.D. in Applied Physics and a M.Sc. in Material Science from Hebrew University in Jerusalem, Israel. He holds several granted and pending patents, mainly in the fields of interventional cardiology and urology.

Sophya Galper-Komet– CFO, Corporate Secretary and Director

Ms. Galper-Komet is a seasoned executive and currently a funder of Wisdom Star, a boutique consultancy that provides C-level executive corporate services to corporate clients and qualified investors in a wide variety of industries. Prior to that she has served as Chief Operating Officer of a private real estate investment company. With over 20 years of experience working on different angles of capital markets and private equity, her expertise in developing diverse funding solutions to corporate issuers includes initial public offerings, bond offerings, M&A and private equity transactions. Ms. Galper-Komet has served as a director of numerous public companies and financial institutions including a chair of several board committees. Ms. Galper-Komet holds an MBA in Finance and Accounting and a BA in Economics and Psychology from Tel Aviv University.

4. PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES

(a) Presentation of Financial Information

Unless otherwise specified herein, financial results, including historical comparatives, contained in this MD&A are based on the Company's unaudited condensed interim financial statements and the accompanying notes for the condensed interim financial statements of the Company for three months ended March 31, 2023, as well as the audited annual financial statements and related notes for the year ended December 31, 2022 (the "Annual Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").. Unless otherwise specified, amounts are in thousands Canadian dollars and percentage changes are calculated using whole numbers.

(b) Non-IFRS Measures

In addition to the reported IFRS measures, industry practice is to evaluate entities giving consideration to certain non-IFRS performance measures, such as earnings before interest, taxes, depreciation and amortization ("EBITDA") or adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA").

These measures are not in accordance with IFRS and have no standardized definitions, and as such, our computations of these non-IFRS measures may not be comparable to measures by other reporting issuers. In addition, Company's method of calculating non-IFRS measures may differ from other reporting issuers, and accordingly, may not be comparable.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

EBITDA is used as an alternative to net income because it includes major non-cash items such as interest, taxes and amortization, which management considers non-operating in nature. A reconciliation of EBITDA to IFRS net income is presented under the section **Results from Operations** of this MD&A.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

Adjusted EBITDA is used as an alternative to net income because it excludes major non-cash items such as amortization, stock-based compensation, current and deferred income tax expenses and other items management considers non-operating in nature. A reconciliation of adjusted EBITDA to IFRS net income is presented under section **Results from Operations** of this MD&A.

EBITDA and Adjusted EBITDA are measured used by management as inputs in our internal metrics and in evaluating our ability to satisfy the Company's obligations. EBITDA and Adjusted EBITDA are used as alternatives to IFRS net income (loss) because it excludes major non-cash items (including depreciation and amortization, interest, taxes and share-based payments) and other items that management considers non-operating in nature.

Management believes that these measures are helpful to investors because they are widely recognized measures of Company's performance and provides a relevant basis of comparison to other entities. In addition to IFRS results, these measures are also used internally to measure the operating performance of the Company.

(Expressed in thousands of Canadian dollars (CAD) unless otherwise stated)

4. PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES (CONT'D)

(c) Adoption of new and revised accounting standards

At the date of authorization of the Company's financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and, in some cases, had not yet been adopted by the relevant accounting body:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

5. RESULTS FROM OPERATIONS

(a) Select annual information

The following table provides selected financial information from the Financial Statements of the Company for the 9 and 3 months ended September 30, 2023, and September 30, 2022:

Profit or loss

	For the 9-month period ended 2023-9-30	For the 9-month period ended 2022-9-30	For the 3-month period ended 2023-9-30	For the 3-month period ended 2022-9-30
	CAD	CAD	CAD	CAD
REVENUES	187	532	56	338
DIRECT COSTS	128	365	67	71
GROSS PROFIT	59	167	-11	267
EXPENSES				
Research and development	92	227	18	34
Other costs	-	-	-	-
Selling, general and administrative and others	489	402	159	59
	-522	-462	-188	174
OTHER ITEMS				
Share of losses of a company accounted for at equity method	1	92		92
Finance expense (income), net	-96	74	-66	-55
Foreign currencies translation adjustments				
	-97	-18	-66	-147
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	-617	-480	-252	28
LOSS PER SHARE				
Basic and diluted	-0.635	-0.55	-0.258	-0.03

(Expressed in thousands of Canadian dollars (CAD) unless otherwise stated)

5. RESULTS FROM OPERATIONS (CONT'D)

(a) Select annual information

Financial position

	2023-09-30	2022-09-30
Total assets	698	1,308
Total liabilities	192	186
Working capital	481	1,082

(b) Revenues

The main source of StickIt's revenue comes from the sale of the proprietary technology licences to distributors and its Extra-C sticks through its website https://StickIt-labs.com/ and sale of its products through distributors and retailers specializing in the distribution of cannabis products and cigarettes. At the end of 2021 StickIt approached commercialization stage with a soft launch of its flagship Extra-C sticks in Europe. Subsequently, StickIt appointed distributors of its products in 20 European countries.

For the 9 and 3 months ended September 30, 2023, total revenues amounted to 187 CAD and 56 CAD respectively, compared to 532 CAD and 338 CAD for the 9 and 3 months ended September 30, 2022. All the revenues have been generated by selling the licenses for distribution of Extra-C stick in US and Europe.

StickIt continues to develop its wide range of products, including, without limitation, testing the products, experimenting new flavors, strengths and product configurations, and working on new production method.

(c) Direct costs and gross profit

Direct costs consist primarily of the cost of recurring subscriptions, support, costs related to providing Company's cloud-based applications and delivering application support to customers.

For the 9 and 3 months ended September 30, 2023, direct costs amounted to 128 CAD and 67 CAD respectively, compared to 365 CAD and 71 CAD respectively for the 9 and 3 months ended September 30, 2022. The decrease was driven primarily by the decrease in the import and export expenses as well as purchase goods, payroll and other operational expenses.

	For the 9-month period ended 2023-9-30	**For the 9-month period ended 2022-9-30**	**For the 3-month period ended 2023-9-30**	**For the 3-month period ended 2022-9-30**
	CAD	CAD	**CAD**	CAD
Purchase of goods	**12**	69	**8**	36
Payroll	**14**	83	**7**	17
Rent and maintenance	**33**	42	**11**	25
Depreciation	**9**	10	**1**	3
Import and export	**0**	75	**0**	(18)
Professional services	**32**	8	**20**	(25)
Operating and other expenses	**27**	78	**20**	32
	128	**365**	**67**	**71**

In general, the cost of goods for these periods is associated with Start-up costs incurred at the beginning of the business operations. Thus, the company's current gross margin is relatively low and not fully representing the future potential.

(Expressed in thousands of Canadian dollars (CAD) unless otherwise stated)

5. RESULTS FROM OPERATIONS (CONT'D)

(d) Research and development

	For the 9-month period ended 2023-9-30	For the 9-month period ended 2022-9-30	For the 3-month period ended 2023-9-30	For the 3-month period ended 2022-9-30
	CAD	CAD	**CAD**	CAD
Professional fees	**24**	191	**12**	28
Marketing and advertising	**10**	6	**6**	6
Raw material	**6**	18	**0**	0
Share-based payments	**52**		**0**	0
Other expense	**0**	13	**0**	0
	92	**227**	**18**	**34**

For the 9 and 3 months ended September 30, 2023, research and development expenses amounted to 92 CAD and 18 CAD respectively, compared to 227 CAD and 34 CAD respectively for the 9 and 3 months ended September 30, 2022. The decrease was driven primarily by the decrease in professional fees that was partly replaced by the share-based compensation.
Research and development expenses consist primarily of personnel-related expenses including new products and new configurations development as well as production method improvements. Our research and development team are focused on both continuous improvement of our production method, as well as developing new product flavors, configurations, and solutions. In the immediate future, as Company's growth continues, we expect our research and development costs to increase proportionately.

(e) Selling, general and administrative expenses

	For the 9-month period ended 2023-9-30	For the 9-month period ended 2022-9-30	For the 3-month period ended 2023-9-30	For the 3-month period ended 2022-9-30
	CAD	CAD	**CAD**	CAD
Payroll	**187**	169	**90**	58
Share-based payments	**41**	127	**-2**	-1
Marketing and advertising	**15**	7	**2**	-7
Professional fees	**199**	26	**54**	6
Other expense	**47**	74	**15**	1
	489	**402**	**159**	**59**

Selling, general and administrative expenses for the 9 and 3 months ended September 30, 2023, amounted to 489 CAD and 159 respectively, compared to 402 CAD and 59 CAD respectively for the 6 and 3 months ended September 30, 2022. **Most of the increase was due to the professional fees hike, related to the one-time merger and listing transaction expenses.** The slight decrease was impacted by the decrease in the share- based compensation and the payroll while the professional fees has been increased.

In January of 2023, Mr. Eli Ben Harosh, CEO and the founder of the Company, exercised a total of 100,500 stock options of the Company previous granted to him, into a total of 100,500 Ordinary shares of the Company.
The exercise price under the option is 0.01 NIS represent the nominal (par) value of an Ordinary Share.
On January 2022, the Company's Board of Directors approved a share option plan (the "2022 ESOP") to grant certain employees and service providers of the Company options to purchase 33,790 Ordinary shares of the Company, at nominal value of 0.01 NIS par value.

(Expressed in thousands of Canadian dollars (CAD) unless otherwise stated)

5. RESULTS FROM OPERATIONS (CONT'D)

(f) Finance costs

	For the 9-month period ended 2023-9-30	For the 9-month period ended 2022-9-30	For the 3-month period ended 2023-9-30	For the 3-month period ended 2022-9-30
	CAD	CAD	**CAD**	CAD
Interest expense	**4**	**14**	**-2**	**-6**
Exchange rate differences	**92**	**-89**	**68**	**59**
Foreign currencies translation adjustments	**19**	57	**-33**	-45
	107	**-47**	**37**	**20**

For the 9 and 3 months ended September 30, 2023, financial expenses amounted to 107 CAD and 37 CAD respectively, compared to negative (nominal income) 47 CAD and 20 CAD respectively for the 9 and 3 months ended September 30, 2022. The change was mainly the result of the exchange rate differences and foreign currency translation adjustment which is not a material expense.

(g) Operating loss

For the 9 and 3 months ended September 30, 2023, the operating loss amounted to 617 CAD and 252 CAD respectively, compared to 408 CAD and the operational income of 28 CAD respectively for the 9 and 3 months ended September 30, 2022. The increase in loss was primarily attributed to the lower revenues and the increase in professional fees due to the transaction cost, while the decrease in the cost of goods as well as the research and development expenses had partly offsetting effect.

6. SUMMARY OF QUARTERLY RESULTS

StickIt was not a reporting issuer for the date of this statement and has not prepared quarterly financial statements for its 8 most recently competed quarter

(Expressed in thousands of Canadian dollars (CAD) unless otherwise stated)

7. MATERIAL TRANSACTIONS

(a) Investment in associate joint venture company

On January 2022 the Company entered into investment agreement with Hempacco CO. whereby, the Company invest CAD 101 thousand in Stick-It USA, Inc (out of USD 250 thousand agreed investment in share capital) and Hempacco invested USD 200 thousands; for the issuance of 50% of the outstanding and issued share capital for each of the joint parties. According to the investment agreement the Company and Hempacco have joint control over the Stick-it USA.

The Company committed to provide Stick-it USA a license to the Company IP and license to distribute CBD Sticks within USA and Mexico.

The Company and Stick-it US will enter into manufacturing and supply agreement, whereby Stick-it USA will pay USD 250 thousands for service rendered by the company, necessary equipment for manufacturing of CBD Sticks, training, and material for producing 30,000 StickIt products.

As of the date of the financial position the Company has fulfilled all the above commitment to Stick-it USA and recognize revenue relate to the payment of proceed by Stick-it USA.

As of the date of the statement of financial position Stick-it USA has not yet commence business activities, in the USA and Mexico.

Pursuant to the investment agreement, upon the execution date of the investment agreement, Green Globe International, Inc. (hereafter: "GGII") the parent company of Hempacco Co. issued to each of Mr. Asher Holzer, President of the Company and Mr. Eli Ben Haroosh, CEO of the Company the following executed warrants: (i) 12,500,000 5- year warrants of GGII common shares, at an exercise price of $0.01 per share. 100% of such warrants will be exercisable on their issuance date; (ii)) 12,500,000 5- year warrants of GGII common shares, at an exercise price of $0.01 per share. 100% of such warrants will be exercisable upon the company achieves gross revenues of $5,000,000 or above in total and for 5 years thereafter; and (iii) 25,000,000 5-years warrants of GGII common shares, at an exercise price of $0.01 per share. 100% of such warrants will be exercisable upon the company achieves gross revenues of $10,000,000 or above in total and for 5 years thereafter. At warrant granting date, the exercise price of the warrants was out of the money, in relation to the stock price of GGII, and meeting the exercise conditions by GGII was considered remote.

Accordingly, the Company estimated the warrants fair value as immaterial amounts for recognition of stock-based compensation.

Changes in Investment in associate joint venture company:

	2022
Balance at the beginning of the year	-
Investment	101
Equity in net loss	-186
Balance at the end of the year	85

7. MATERIAL TRANSACTIONS (CONT'D)

(b) Options plan

As of June 2021, the Company granted in total 173,957 share options to its employees. The total fair value of the share options was approximately 4,430 thousand NIS. Of the above options, 60,673 vested during 2021, 78,284 vested in equal quarterly installments starting from the 1st quarter of 2021 and 35,000 vested in equal quarterly installments over 12 quarters starting from the 2nd quarter of 2021.

Also, a total of 55,000 of these options, with a vesting period of 8 quarters in equal in installments worth 1,423 thousand NIS, were granted to Eli Ben Harosh, CEO and founder of the Company. On 16, November 2021, the Company granted an additional 45,500 share options to Eli Ben Harosh, CEO and founder of the company. The total fair value of the 45,500 share options is approximately 1,167 thousand NIS. During a three-months period ended March 31, 2023, Mr. Ben-Haroosh exercised all of his stock options into a total of 100,500 ordinary shares of the Company. See Note 15 of Audited annual FS.

8. LIQUIDITY AND CAPITAL RESOURCES

(a) Overview

The general objective of our capital management strategy is to ensure financial stability and sufficient liquidity to increase shareholder value through organic growth and investment in sales, marketing and product development.

(b) Liquidity and cash management

On March 25, 2021, StickIt concluded the public phase of its investment campaign in Israel through a crowd funding platform FundIt (2016) Ltd. In accordance with Israeli securities laws and issued a total of 85,200 StickIt Shares to a total of 602 subscribers at a price of 35 NIS per StickIt Share.

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. During the three years ended December 31, 2022, 2021 and 2020 the Company incurred negative cash follows of CAD 467, CAD 1,335 and CAD 197 from operation activities, respectively; and as of December 31, 2022, and 2021, the Company had a cash balance of CAD 995 and CAD 1,490, respectively.

As of December 31, 2022, the Company accumulated deficit of CAD 4,065 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.

As address, the Company`s Board of Directors and Management of the Company designed a business plan for 12 months of operations from the date of the financial position, and review the Company's forecast of operating results, cash flow projections and potential liquidity risks. Based the results of this review, the Company Board of Director and Management concluded that the Company have sufficient resources for the continuation of its activities and to meet its obligation in the foreseeable future. The Company expects to meet all its obligations and other commitments as they become due. The Company has various financing sources to fund operations and will continue to fund working capital needs through these sources until cash flows generated from operating activities is sufficient.

As at September 30, 2023, the Company had total assets in excess of total liabilities of 506 CAD (As at September 30, 2022 – 1,122 CAD).

(Expressed in thousands of Canadian dollars (CAD) unless otherwise stated)

8. LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

(c) Capital management framework

The Company defines capital as the aggregate of common shares and debt. The Company's capital management framework is designed to maintain a level of capital that funds the operations and business strategies and builds long-term shareholder value. The Company's objective is to manage its capital structure in such a way as to diversify its funding sources, while minimizing its funding costs and risks.

As at September 30, 2023, the Company had total shareholders 'equity surplus of 506 CAD (As at September 30, 2022 – 1,122 CAD). The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a moderate to high tolerance for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, through the use of lower cost capital, including raising share capital or debt when required to fund opportunities as they arise.

(d) Capital structure

The continuity of the Company's capital structure is as follows:

	Shares	Consideration
Balance, as at December 31, 2022	**877,925**	3,101
Exercise of stock options	103,872	52
Balance, end of period	**981,797**	3,153

(e) Contractual obligations

As at September 30, 2023, the Company had no debt guarantees, off-balance sheet arrangements or long-term obligations.

(Expressed in thousands of Canadian dollars (CAD) unless otherwise stated)

9. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are described in Notes 2 of the audited annual Financial Statements. The preparation of the Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures as of the date of the Financial Statements. Actual results may differ from estimates under different assumptions and conditions.

10. DISCLOSURE / PROCEDURES / INTERNAL CONTROLS OVER FINANCIAL REPORTING

(a) Inherent limitations

It should be noted that in a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Given the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly. The Company's related parties consist principally, Mr. Eli Ben Haroosh, CEO of the Company, and Dr. Asher Holzer, President of the Company.

During the years ended December 31, 2022, and 2021 key management personnel compensation consisting exclusively of short-term benefits as follows:

	2022	2021
	CAD	CAD
Total compensation paid to key management	**328**	220
Share-based payments		100
	328	320

Total compensation paid to key management is recorded in consulting fees and salaries and wages in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2022, and 2021.

During the three months ended March 31, 2023 the Company has not incurred any additional transactions.

(Expressed in thousands of Canadian dollars (CAD) unless otherwise stated)

11. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

(i) Warrants granted in Henpacco agreement:

Pursuant to the terms of the investment agreement between the Company and Hempacco Co., Hempacco Co. upon the execution date of the investment agreement, Green Globe International, Inc. (hereafter: "GGII") the parent company of Hempacco Co. issued to each of Mr. Asher Holzer, President of the Company and Mr. Eli Ben Haroosh, CEO of the Company the following share purchase warrants: (i) 12,500,000 5- year warrants to purchase GGII common shares, at an exercise price of $0.01 per share. 100% of such warrants will be exercisable on their issuance date; (ii)) 12,500,000 5- year warrants to purchase GGII common shares, at an exercise price of $0.01 per share. 100% of such warrants will be exercisable upon the company achieves gross revenues of $5,000,000 or above in total and for 5 years thereafter; and (iii) 25,000,000 5-years warrants of GGII common shares, at an exercise price of $0.01 per share. 100% of such warrants will be exercisable upon the company achieves gross revenues of $10,000,000 or above in total and for 5 years thereafter. At warrant granting date, the exercise price of the warrants was out of the money, in relation to the stock price of GGII, and meeting the exercise conditions by GGII was considered remote.

(ii) The patent assignment:

The Company developed, market and sale high-quality "Cannabis Sticks" based on a registered PCT patent no. 11582996 B2, for which the patent application was assigned to the Company for CAD 0.001 In January 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.

(iii) Balances with related parties:

	2022	2021
Other accounts payable	-49	-1

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, and liquidity risk. These financial instrument risks are actively managed by the Company under the policies approved by the Board of Directors. On an ongoing basis, the finance department actively manages market conditions with a view to minimizing the exposure of the Company to changing market factors, while at the same time limiting the funding costs to the Company

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses information supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own records to rate its customers.

The Company is exposed to credit risk from its operating activity (primarily trade receivables) and from its financing activity, including deposits with banks and other financial institutions. At this point of time the credit risk of the company is not significant as the company's doesn't possess any significant short term financial assets as well as short term financial liabilities.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities. 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. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

The Company's policy is to seek to ensure adequate funding is available from operations and other sources, including debt and equity capital markets, as required.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value risk with respect to debt which bears interest at fixed rates.

(e) Foreign exchange rates

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates to the Company's continuing operation (when revenue or expense is recognized in a different currency from the Company's functional currency) as well as to fluctuations of financial instruments related to cash, accounts and other receivables, debt and accounts payable denominated in foreign currencies.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

(f) Fair value measurement

Fair value is the price to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the assets or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

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.

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.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

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

which use inputs that are not based on observable market date

13. RISKS AND UNCERTAINTIES

The are several risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about as of the date of this MD&A, or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks occur, the Company's business may be harmed, and its financial condition and the results of operation may suffer significantly.

(a) COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business.

The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to the COVID-19 pandemic. An outbreak of infectious disease, a pandemic, or a similar public health threat, such as the recent outbreak of the novel coronavirus known as COVID-19, or a fear of any of the foregoing, could adversely impact the Company. It is unknown whether and how the Company may be affected if such an epidemic persists for an extended period. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results and financial condition.

To protect the health and safety of our employees, the majority of our workforce is currently working from home, and we have placed restrictions on non-essential business travel. We have implemented business continuity plans and have increased support and resources to enable employees to work remotely and thus far have been able to operate with minimal disruption.

(b) Risks relating to current operations.

StickIt activities will be subject to operational risks that include competition from other businesses, performance of key suppliers, product performance warranties, regulatory risks, successful integration of new acquisitions and dependence on key personnel, all of which could affect the Issuer's ability to meet its obligations.

The Company is in the development stage with little operating history.

As the Company is in the initial stage of generating revenue, it is extremely difficult to make accurate predictions and forecasts of its finances. In addition, the Company intends to operate in the technology industry, which is rapidly transforming. There is no guarantee that the Company's products or services will be attractive to potential consumers. Therefore, the Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and likelihood of success must be considered considering the early stage of operations.

13. RISKS AND UNCERTAINTIES (CONT'D)

(b) Risks relating to current operations (cont'd)

Going concern

The Company's ability to continue as a going concern depends on its ability to either generate sufficient revenues or to secure sufficient financing, whether debt or equity, to sustain its continued operations. There can be no assurance that the Company can obtain such revenues or financing on commercially favorable terms and there is therefore no guarantee that the Company will be able to sustain its ongoing operations in the future.

Competition

StickIt operates and expects to continue to operate in highly dynamic market that is characterized by a growing number of competitors working in the same product category. The smoking utensils industry, including, without limitation, cannbis industry, is highly competitive. Many of StickIt competitors for the acquisition, production and development of smoking utensils, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than the company.
To the knowledge of management of StickIt, the main direct competitor of StickIt is an Israely company Trichom Shell. Trichom Shell pours cannabis oil into a mold in the shape of an oil stick. Management of StickIt believes that Extra-C stick's primary advantage is its technology that uses insulated powder and liquid and does fusing - impregnation and not solidification. However, current new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. The Company cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results, and financial condition.

Reliance on Various Suppliers

The operations of The company will require significant resources and the business will be heavily dependant on its key suppliers. If The company was, for any reason to be unable to maintain a business relationship with its key suppliers, its business and financial condition may be materially adversely affected.

To date, StickIt has not experienced any difficulties in obtaining adequate supplies from its suppliers. The company will attempt to assure the availability of many of its products by contracting in advance for its annual requirements.

No History of Earnings

The Company, StickIt and Resulting Issuer has no history of earnings, and there is no assurance that any of the current or future products and technological developments of the company will generate earnings, operate profitably or provide a return on investment in the future.

.

13. RISKS AND UNCERTAINTIES (CONT'D)

(b) Risks relating to current operations (cont'd)

Risk Associated with Foreign Operations in Other Countries

The company's primary revenues are expected to be achieved in Israel, Europe and Canada. However, the company may expand to markets outside of the aforementioned countries and become subject to risks normally associated with conducting business in other countries. The company cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the company's business.

StickIt intends to expand internationally. As a result, it is expected to become further subject to the laws and regulations of (as well as international treaties among) the foreign jurisdictions in which the company operates or imports or exports products or materials. In addition, StickIt may avail itself of proposed legislative changes in certain jurisdictions to expand its product portfolio, which expansion may include business and regulatory compliance risks as yet undetermined. The company's failure to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on its business, financial condition and results of operations. If the company's sales or operations were found to be in violation of such international regulations, it may be subject to enforcement actions in such jurisdictions including, but not limited to civil and criminal penalties, damages, fines, the curtailment or restructuring of its operations or asset seizures and the denial of regulatory applications.

Risks The company may face in operating in foreign jurisdictions include unforeseen government actions, acts of God, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls, export controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or other events.

Industry risk

The industry of smoking utensils involves a substantial degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Shareholders must rely on the ability, expertise, judgment, direction and integrity of StickIt management.

Development of new products

The Company's success will depend, in part, on its ability to develop, introduce and market new and innovative products. If there is a shift in consumer demand, the Company must meet such demand through new and innovative products or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Company will be able to develop new and innovative products or have the capital necessary to develop such products.

Effective commercialization

There is a risk that the technology and the Company's products will not perform as expected in certain applications and therefore, the Company may encounter delays to commercialization or may run the risk that the technologies will never be successfully commercialized. This means that the Company may never receive revenues or return on its technology development.

13. RISKS AND UNCERTAINTIES (CONT'D)

(c) Other risks

Technical risks

Technical risks are inherent in the development and commercialization process, in that an immature technology could present unexpected challenges that exceed the planned time or financial resources to overcome. There can be no guarantee that the Company will be able to overcome technical risks associated with the development of its technology.

Technological Advances

The industry of smoking utilities is susceptible to significant technological advances and the introduction of new products utilizing new technologies. Further, this industry is also subject to changing industry standards and market trends and to competitive pressures. Due to rapid changes, StickIt's success will depend in part on its ability to develop and market products and services that respond in a timely manner to the technological advances and health industry standards.

Technology and Intellectual Property

StickIt will rely on the protection of its intellectual property rights and the rights of third parties from which it has licensed intellectual property rights for its success. Notwithstanding precautions that StickIt may take to protect its rights, third parties may copy or obtain and use the company's proprietary and licensed technologies, ideas, know-how and other proprietary information without authorization, or may independently develop technologies or other intellectual property similar or superior to the company's proprietary and licensed technologies and other intellectual property. StickIt will have a policy of entering into confidentiality and non-competition agreements with its employees, strategic partners and clients. However, these agreements may not provide meaningful protection of StickIt's proprietary and licensed technologies or other intellectual property in the event of unauthorized use or disclosure. Policing unauthorized use of such technologies and intellectual property is extremely difficult and expensive. Furthermore, the laws of jurisdictions other than Canada and Israel may not provide meaningful protection of StickIt's and such third parties' intellectual property rights

Key personnel

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the officers and technical experts. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company ability to develop and market its products. The loss of any of the Company senior management or key employees could materially adversely affect the Company's ability to execute the Company's business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all.

13. RISKS AND UNCERTAINTIES (CONT'D)

(c) Other risks (cont'd)

Government Regulations

Successful execution of StickIt's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products, including maintaining and renewing its licences. Although StickIt will position itself as a technology company certain aspect of its operation will rely on cannabis industry. Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require the company to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the company's business. StickIt cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on their business. Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions, including in countries that the StickIt Issuer plans to distribute its products.

In addition, the operations of StickIt may require licenses and permits from various governmental authorities, including in foreign jurisdictions. There can be no assurance that the company will be able to obtain all necessary licenses and permits that may be required to carry out the development of its products.
Foreign Currency Fluctuations

The company will consolidate the accounts of its foreign subsidiaries that will generate a significant portion of its revenue with customers based in countries outside Canada, will contract with suppliers and customers in currencies other than the Canadian dollar, and will carry monetary balances in foreign currencies. Any material fluctuation in the Canadian dollar relative to other currencies, particularly NIS, could have a negative impact on The company's revenue, receivables, cost of sales, working capital position and earnings.

Variable Demand

StickIt believes that demand for smoking utensils, including Extra-C Sticks, can be highly sensitive to changes in consumers' disposable income, and thus can be affected by changes in the economy and consumer tastes, both of which are difficult to predict and beyond its control. Any significant or prolonged decrease in consumer spending on smoking products and activities could adversely affect the demand for StickIt's product offerings, reducing its cash flows and revenues. If StickIt experiences a significant unexpected decrease in demand for its product offerings, its business may be harmed.

Product Liability

Resulting Issuer's products will be produced for sale both directly and indirectly to end consumers, and therefore it might face an inherent risk of exposure if product liability claims, regulatory action and litigation of Resulting Issuer's products are alleged to have caused significant loss or injury. Previously unknown adverse reactions resulting from human use of The company's products alone or in combination with other medications or substances could occur. Teh Resulting Issuer may be subject to various product liability claims, including, among others, that our products caused injury or illness or include inadequate instructions for use or warnings concerning possible side effects or interactions with other substances. A product liability claims or regulatory action against The company could result in increased costs to produce its products and could have a material adverse effect on its business and operational results.

13. RISKS AND UNCERTAINTIES (CONT'D)

(c) Other risks (cont'd)

Changing Consumer Preferences

As a result of changing consumer preferences, many smoking, cannabis or other innovative products attain financial success for a limited period of time. Even if the company's products find some retail success, there can be no assurance that any of its products will continue to see extended financial success. The company's success will depend upon its ability to develop new and improved product lines.

Unfavourable Publicity

Smoking industry in general and cannbis industry in particular, is extremely dependent upon consumer perception regarding the safety, efficacy and quality of the products and perceptions of regulatory compliance. Consumer perception of smoking products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the smoking utensils market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the company's products and its business, results of operations, financial condition and cash flows.

Additional Labeling or Warning Requirements on our Products

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the availability of the company's products relating to the content or perceived adverse health consequences of the company's products. Federal laws may pre-empt some or all of those attempts by state/provincial or localities to impose additional labeling or warning requirements. If these types of requirements become applicable to the company's products under current or future environmental or health laws or regulations, they may inhibit sales of The company's products. Moreover, if the company fails to meet compliance deadlines for any such new requirements, its products may be deemed misbranded or mislabeled and could be subject to enforcement action, or The company could be exposed to private lawsuits alleging misleading labels or product promotion.
Financial Risks

Management believes that the financial resources of the company will be at a sufficient level to cover all of its operating and financial costs in connection with the implementation of the short-term business plans of The company. However, there can be no assurance that growth will be achieved at such levels or that additional financial resources may not be required due to unforeseen circumstances or a change in the business plans of the company.

Additional Financing

The company may acquire additional financing in order to make further investments or take advantage of future opportunities. The ability of the company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of The company. They can be no assurance that The company will be successful in its efforts to arrange additional financing on terms satisfactory to The company. If additional financing is raised by the issuance of shares or other forms of convertible securities from the treasury, control over the company may change and the Shareholders may suffer additional dilution. If adequate funds will not be available, or will not be available on the accepted terms, The company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

13. RISKS AND UNCERTAINTIES (CONT'D)

(c) Other risks (cont'd)

Conflict of Interest

Certain directors of the company are or may become associated with other companies which may give rise to conflicts of interest. In accordance with the BCBCA, a director or officer who is a party to a material contract or proposed material contract or is a director or officer of or has a material interest in any entity who is a party to a material contract or a proposed material contract with The company is required, subject to certain exemptions, to disclose that interest and generally to abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interest of the company. All of the outside directors of the company have either other full-time employment or other business or time restrictions placed on them and accordingly, The company will not constitute the only business interest of such directors.

Payment of Dividends
The future payment of dividends on the company Shares will be dependent upon the financial requirements of The company to finance future growth, the financial condition of The company and other factors which the Board of Directors of The company may consider appropriate in the circumstances. The payment of dividends in the future is uncertain.

Financial reporting and internal controls

Upon the completion of the listing, Company will become subject to reporting and other obligations under applicable Canadian securities laws and exchange rules. These reporting and other obligations will place significant demands on Company's management, administrative, operational, and accounting resources.

To meet such requirements, Company is working with its legal, accounting, and financial advisors to identify areas in which changes should be made to Company's financial management control systems. These areas include corporate governance, corporate controls, internal audit, disclosure controls and procedures and financial reporting and accounting systems. Company has made, and will continue to make, changes in these and other areas, including Company's internal controls over financial reporting. If Company is unable to accomplish any such necessary objectives in a timely and effective fashion, its ability to comply with its financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause Company to fail to meet its reporting obligations or result in material misstatements in its financial statements. If Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the reported financial information, which could lower share prices. There can be no assurance that internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within the Company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

13. RISKS AND UNCERTAINTIES (CONT'D)

(c) Other risks (cont'd)

Dilution

Current shareholders will experience significant dilution to their shareholdings as a result of the Acquisition and the Listing. Moreover, should the company require additional funds, it is likely that to obtain the necessary funds The company will have to sell additional securities, including but not limited to, common shares or some form of convertible security, the effect of which would result in a substantial further dilution of the present equity interests of the shareholders. Further dilution may occur if the company chooses to conclude further acquisitions of businesses in the future and to pay for such acquisitions by the issuance of common shares.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Dependence on suppliers and skilled labor

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labor, equipment, parts and components.

Conflicts of Interest

Certain directors and officers of the Company are or may become associated with other companies in the same or related industries which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business, or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers.

Research and development

We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain and develop our solutions and maintain and enhance our competitive position. We recognize the costs associated with these research and development investments earlier than the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect. If we spend significant resources on research and development and are unable to generate an adequate return on our investment, our business, financial condition and results of operations may be materially and adversely affected.

13. RISKS AND UNCERTAINTIES (CONT'D)

(c) Other risks (cont'd)

Enforcement of Judgments Against Foreign Persons

A number of the proposed directors and officers of the company reside outside of Canada. Some or all the assets of such persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

Global economic risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and trading price of the Company Shares on the stock exchange.

Economic environment

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted, and prospects of such areas might be different from those predicted by the Company's management.

Risks associated with acquisitions

As part of the Company's overall business strategy, the Company may pursue select strategic acquisitions after the completion of the Listing, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Issuer's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

13. RISKS AND UNCERTAINTIES (CONT'D)

(c) Other risks (cont'd)

Political environment

The Company's core business operations are in Israel. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. As a result, the Company is vulnerable to the political, economic, legal, regulatory, and military conditions affecting Israel and the Middle East. Armed conflicts between Israel and its neighbouring countries and territories occur periodically and a protracted state of hostility has, in the past, resulted in security and economic difficulties for Israel. Any such hostilities or escalation thereof, armed conflicts or violence in the region could adversely affect the Company's business, results of operations and financial condition.

To date, such conflicts have not had a material effect on business, results of operations or financial condition. In addition, the Company may be adversely affected by other events or factors affecting Israel such as the interruption or curtailment of trade between Israel and its trading partners, a significant downturn in the economic or financial condition of Israel, a significant downgrading of Israel's internal credit rating, labour disputes and political instability, including riots and uprisings.

Furthermore, there are a number of countries, primarily in the Middle East, including Malaysia and Indonesia that restrict business with Israel or Israeli companies. There may also be certain countries, businesses or other global movements that may exert pressure on the Company's partners, customers or others not to do business with Israel or Israeli companies. Restrictive laws policies or movements directed towards Israel or Israeli businesses could have a material adverse effect on the Company's business, results of operations and financial condition.

Emerging market

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

The Company's core business operations are located in Israel, which has a history of military instability. While there is no current instability, this is subject to change in the future and could adversely affect the Company's business, financial condition, and results of operations. Fluctuations in the Israeli economy and actions adopted by the government of Israel may have a significant impact on companies operating in Israel, including the Company. Specifically, the Company may be affected by inflation, foreign currency fluctuations, regulatory policies, business, and tax regulations and in general, by the political, social and economic scenarios in Israel and in other countries that may affect Israel.

Income taxes

The Israeli corporate tax rate was 23% for the years ended December 31, 2022 and 2021. This tax rate could be changed by government decisions and tax regulations, which could have a material effect on the Company's profit in the future.

Limitation of statute on the Company's tax reports for the years ended December 31, 2022, and 2021. The general limitation of statute on tax reports in Israel is four years, and therefore the Company's tax reports for the years ended December 31, 2021, and 2020 could still be assessed by the Israeli Tax Authority.

14. CONTINGENCIES AND COMMITMENTS

The Company is not contingently liable with respect to litigation, claims, and environmental matters, including those that could result in mandatory damages or other relief. Any expected settlement of claims in excess of amounts recorded will be charged to the statements of loss and comprehensive loss as and when such determination is made.

15. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Company's audit committee and Board of Directors. The accompanying financial statements are prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of two independent directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.