STICKIT TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS
(formerly Aquazoom Hydropower Solutions Inc.)

DECEMBER 31, 2023

INDEX

Independent Auditor`s Report to the shareholders of

STICKIT TECHNOLOGIES INC.

(formerly Aquazoom Hydropower Solutions Inc.)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Stickit Technologies Inc. (formerly Aquazoom Hydropower Solutions Inc.) and its subsidiaries (hereafter: the "Company"), which comprise the consolidated statements of financial position as of 31 December 2023 and 2022 and the consolidated statements of comprehensive income, consolidated statements of changes in shareholders' capital and consolidated statements of cash flows for the three years ended on 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2023 and 2022, and its financial performance and comprehensive income, changes in shareholders' capital its cash flows for the three years ended on 31 December 2023 in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor`s responsibilities for the consolidated financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

As discussed in Note 1 B to consolidated financial statements the comparative financial information as of December 31, 2022, and for the two years ended on December 311, 2022, consist of the financial information of Stickit Limited that is considered as the accounting acquirer for the reverse acquisition.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor`s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	Description of Key Audit Matter and why a matter of most significance in the in the audit	Description of Auditor`s Response
Going Concern	Since inception the Company has incurred continuous losses from its business operations and has generated negative cash flows from operating activities of CAD 745 thousand and CAD 467 thousand during 2023 and 2023, respectively. During 2023 the Company has recorded losses of CAD 48,821 thousand of which CAD 47,695 thousand resulted from registration and issuance costs from a reverse merger, see Note 1 B. The Company has so far financed its operations mainly through equity resulting from capital raising. The Company is expected to further generate losses from operations which will be expressed in negative cash flows from operating activities. As address in Note 1D, 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.	To conclude on the appropriateness of Management`s use of the going concern basis in preparation of the consolidated financial statements, and in order to conclude whether a material uncertainty exists related to events or conditions that may cast significant doubts on the Company's ability to continue as a going concern, and the appropriateness of the Company financial position disclosure, we performed substantive and analytical audit procedures, which included among other: (1) Review and evaluate Management forecasts, examining their reasonableness Management plans and key assumption, obtaining substantive evidence and examining whether the forecasts are adequate and sufficient for Company to continue operations beyond a period of at least 12 months from the date of approval of the financial statements. (2) Confirming the existence, legality and enforceability of arrangements to provide or maintain financial support. (3) Performing audit procedures regarding subsequent events to identify those that either mitigate or otherwise affect the entity`s ability to continue as a going concern. (4) Examine the adequacy of the disclosure in the consolidated financial statements regarding the Company's financial position.

Other information included in the Company`s 2023 Annual Report

Other information consists of the information included in the Company`s 2022 Annual Report other than the consolidated financial statements and our auditor`s report thereon. Management is responsible for the other information. The Company`s 2023 Annual Report is expected to be made available to us after the date of this auditor`s report.

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

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

Responsibilities of Management and the Board of Directors for the consolidated financial statements.

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

In preparing the consolidated financial statements, Management is responsible for assessing the Company`s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern as basis of accounting, unless Management and the board of directors either intend to liquidate the Company or to cease its operations, or has no realistic alternatives, but to do so.

The Board of Directors is responsible for overseeing the Company`s financial reporting process.

Auditor`s responsibilities for the audit of the consolidated financial statements.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company`s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management.
- Conclude on the appropriateness of the Company's Management`s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor`s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors` report. However, future events or conditions may cause the Company o cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the year ended 31 December 2023 and are therefore the key audit matters. We describe these matters in our auditor`s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so, would reasonably be expected to outweigh the public interest benefits of such communication.

Material uncertainty related to going concern

As discussed in Note 1D to the consolidated financial statements, the Company`s financial position and results of operations and its 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.

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.

The Company is expected to further generate losses from operations 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.

These factors raise significant doubts regarding the Company's ability to continue as a going concern.

The Company's 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 consolidated 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.

Ovadia Kriheli & Co.

Certified Public Accountants (Isr)

March 29, 2024

STICKIT TECHNOLOGIES INC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
CAD in thousands

	Note	As of December 31, 2023	*2022
Assets			
Current assets			
Cash and cash equivalents	4	827	995
Trade accounts receivable- Stickit Thailand	7	42	-
Other accounts receivable	5	114	73
Inventories – finished goods		38	45
Total current assets		**1,021**	**1,113**
Non-current assets			
Right for use of leased assets		-	4
Fixed assets		17	29
Total non-current assets		**17**	**33**
Total assets		**1,038**	**1,146**
Liabilities and shareholders' equity			
Current liabilities			
Excess of losses over investment in associate joint venture companies	7	147	85
Trade accounts payable			66
Other accounts payable	8	368	55
Total current liabilities		**515**	**206**
Non-current liabilities			
Deferred income	16	71	-
Total non-current liabilities		**71**	**-**
Total liabilities		**586**	**206**
Shareholders' Equity	9		
Share capital		48,123	3
Share premium		4,047	3,101
Reserve for share-based payment transactions		964	1,862
Foreign currency translation adjustments		204	39
Accumulated deficit		(52,886)	(4,065)
Total equity		**452**	**940**
Total equity and liabilities		**1,038**	**1,146**

*See Note 1 A for reverse acquisition

/s/ "Eli Ben-Haroosh"	/s/ "Sophya Galper-Komet"	**March 29, 2024**
Eli Ben Harosh Chief Executive Officer and Director	**Sophie Galper Komet** Chief Financial Officer	Date of approval of the financial statements

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

STICKIT TECHNOLOGIES INC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CAD in thousands

	Note	For the year ended December 31, 2023	*2022	*2021
Revenues	10	203	564	7
Cost of revenue	11	154	420	203
Gross profit		**49**	**144**	**(196)**
Research and development expenses		101	253	240
General and administrative expenses	12	1,004	591	2,683
Other expenses (income)	13		1	(1)
Issuance costs in reverse acquisition	1A	47,695	-	-
Net Operating loss		**(48,751)**	**(701)**	**(3,118)**
Equity in net loss (earning) of investees		64	186	-
Finance expense		(8)	(4)	(12)
Finance income		2	158	3
Loss		**(48,821)**	**(733)**	**(3,127)**
Other comprehensive loss:				
Amounts that will not be reclassified subsequently to profit or loss:				
Foreign currencies translation adjustments		(165)	(73)	(272)
Total other comprehensive income (loss)		(165)	(73)	(272)
Total comprehensive loss		**(48,986)**	**(806)**	**(3,399)**
Loss per share attributable to ordinary shareholders of the Company:				
Basic and diluted loss per share	15	**(0.046)**	**(0.007)**	**(0.03)**

*See Note 1 A for reverse acquisition

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

STICKIT TECHNOLOGIES INC

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CAD in thousands

	Share Capital	Share Premium	Share-based Payments transactions	Foreign Currencies translation adjustments	Accumulated Deficit	Total
Balance as of January 1, 2021**	**2**	**715**		**1**	**(205)**	**512**
Issuance of shares	1	1,731				1,733
Exercise of stock options	(*)	499	-	-	-	499
Share-based payments	-	-	1,676	-	-	1,676
Loss for the period	-	-	-	-	(3,127)	(3,127)
Other comprehensive income	-	-	-	111	-	111
Balance as of December 31, 2021**	**3**	**2,945**	**1,676**	**112**	**(3,332)**	**1,404**
Issuance of shares						
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**	**3**	**3,101**	**1,862**	**39**	**(4,065)**	**940**
Exercise of stock options	(*)	1,100	(993)	-		107
Share-based payments	-	-	95	-	-	95
Loss for the year	-	-	-	-	(48,821)	(48,821)
Other comprehensive loss	-	-	-	165	-	165
Reverse acqusition	48,120	(154)	-	-	-	47,966
Balance as of December 31, 2023	**48,123**	**4,047**	**964**	**204**	**(52,886)**	452

* Represent amount less than CAD 1

**See Note 1 A for reverse acquisition

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

CAD in thousands

	For the year ended December 31,		
	2023	***2022**	***2021**
Cash flows from operating activities			
Loss	**(48,821)**	**(733)**	**(3,127)**
Adjustments required for presenting Cash flows and cash equivalents from operating activities (Appendix A):	48,076	266	1,792
Net cash used to operating activities	**(745)**	**(467)**	**(1,335)**
Cash flows from investing activities			
Investment in associate joint venture company	-	(101)	-
Purchase of fixed assets	-	(5)	(31)
Net cash used in investing activities	**-**	**(106)**	**(31)**
Cash flows from financing activities			
Shares issuance and premium on shares	107	156	2,232
Repayment of loans	-	-	(2)
Cash from Reverse merge	316		
Net cash provided by financing activities	**423**	**156**	**2,230**
Net increase/(decrease) in cash and cash equivalents	**(322)**	**(417)**	**864**
Exchange rate differences on balances of cash and cash equivalents	**154**	(78)	117
Cash and cash equivalents at the beginning of year	**995**	**1,490**	**509**
Cash and cash equivalents at the end of year	**827**	**995**	**1,490**

*See Note 1 A for reverse acquisition

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

	For the year ended December 31,		
	2023	***2022**	***2021**
Significant non-cash transactions:			
Depreciation	20	11	9
Share-based payments	95	186	1,676
Issuance costs in reverse acquisition	47,695		
Equity in net loss of investees	69	186	-
Changes in operating assets and liabilities:			
Increase in accounts payable	348	4	15
Increase (decrease) in trade accounts receivable	(42)		
decrease in inventories	4	(45)	-
Decrease (increase) in other accounts receivable	6	(52)	9
Increase (decrease) in trade accounts payable	(119)	(24)	83
	48,076	**266**	**1,792**
SUPPLEMENTARY INFORMATION ON NON-CASH INVESTING AND FINANCING ACTIVITIES			
Lease commitment during the year	-	-	50

*See Note 1 A for reverse acquisition

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

Note 1 - General

A. General description of the Company and its operations

Stickit Limited an Israeli corporation ID 516091360 (hereafter: "**Stickit LTD**") 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 Tel-Aviv, Hapeleh 7, Israel.

Stickit LTD. has a wholly owned subsidiary in the Spain Stickit Labs SL.

Stickit LTD develop, market and sell 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 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.

On October 23, 2023, Stickit Technologies Inc. (formerly Aquazoom Hydropower Solutions Inc.) (the "**Company**") closed its business acquisition of Stickit LTD, accordingly, the Company changed its name to Stickit Technologies Inc. Pursuant to the terms of the Acquisition, the Company issued 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 LTD became a wholly owned subsidiary of the Company. Concurrently with completion of the Acquisition, the Company completed a financing of $441,000. 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 the Company (111.1357 incentive options in exchange for each the outstanding Stick LTD warrants). The terms of the exercise of the options shall be consistent with the terms of the originally issued underlying Stick LTD's 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 in 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 27thCompany's shares commenced 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+.

Note 1 – General (Cont.)

The purchase price, for the acquisition was approximately CAD 47.7 million, determined in accordance with the value of Stickit LTD.'s capital instruments on October 23, 2023. The excess purchase price over the carrying amount of assets and liabilities value of the company's in the amount of approximately CAD 47.7 million was recorded as registration expenses (issuance expenses) within the profit or loss statements.

The results of the merger transaction by share split resulted in the fact that, from a legal point of view, the company owns Stickit Ltd. Since the controlling owners of Stickit Ltd. gain control of the company, it was determined that Stickit Ltd. is the accounting acquirer of the activity and therefore the transaction was treated as a reverse acquisition which does not constitute Business combination.

Accordingly, in the consolidated financial statements the comparative financial information as of December 31, 2022 and for the two years ended on December 311, 2022, consist of the financial information of the Stickit Limited that is considered as the accounting acquirer for accounting of reverse acquisition.

In connection with the reverse acquisition, the Israeli Tax Authorities issue to Stickit LTD tax ruling that under certain compliance with condition, including a restriction on performing a disposition of the Company and Stickit LTD shares, is differing the tax evet arise in the acquisition to the date of actual disposal of the Company's and Stickit LTD Stickit LTD shares.

B. Definitions

In these financial statements:
Related parties - as defined in IAS 24
CAD - Canadian dollar

C. Material event in the reporting period

Effects of the "Iron Swords" war

Following the brutal attacks on Israel, the mobilization of army reserves and the Government declaration of a state of war ("Iron Swords" war) in October 2023, there was a decrease in Israel's economic and business activity. The security situation has led, inter alia, to a disruption in the chain of supply and production, a decrease in the volume of national transportation, a shortage in manpower as well as a decrease in the value of financial assets and a rise in the exchange rate of foreign currencies in relation to the shekel.

The Company has examined the effects of the aforesaid and on the basis of several scenarios that were examined, has reached the conclusion that the Company is able to continue paying its liabilities in the foreseeable future. In this examination, the Company relied on forecasts and on the liquid assets at its disposal, unutilized credit facilities, possibilities for cost cutting, streamlining plans, unencumbered assets, and so forth.

D. Financial position

Stickit Limited has incurred continuous losses from its business operations and has generated negative cash flows from operating activities of CAD 745 and CAD 467 during 2023 and 2022, respectively.

During 2023 the Company incurred losses of CAD 48,821 of which CAD 47,695 resulted from registration and issuance costs from a reverse merger, see Note 1 A.

The Company has so far financed its operations mainly through equity resulting from capital raising.

Note 1 – General (Cont.)

The Company is expected to further generate losses from operations 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 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.

Note 2 – Basis of presentation

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements were authorized for issuance by the Company's Board of Directors on March 29, 2024.

B. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of accounting estimates used in the preparation of the Company's financial statements requires that management of the Company makes assumptions regarding circumstances and events that involve considerable uncertainty. Company Management prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following table:

Note 2 – Basis of presentation (Cont.)

Estimate	Principal assumptions	Possible effects	Reference
Recoverability of development costs	The criteria for recognizing development project costs as intangible assets have met.	Amortization of the development costs in profit or loss	Development costs have been expensed as incurred, see Note 11.
Measurement of variable consideration	In order to determine the transaction price, the Company estimates the amount of the variable consideration and recognizes revenue in an amount where there is a high probability that its inclusion will not result in a significant revenue reversal in the future after the uncertainty has been resolved.	An increase or decrease in amounts of revenue recognized over the contract period.	See Note 3D and 10
Determining how performance obligations are fulfilled	When determining that control over goods or services is transferred to the customer over time and that therefore revenue should be recognized over time, the Company relies on provisions of the contract and relevant provisions of the law indicating that the Company has a right to enforce fulfillment of the contract.	A change in the timing of recognizing revenue over the period of the contract.	See Note 3D and 10
Identification of performance obligations in contracts with customers	In order to identify distinct performance obligations in a contract with a customer, the Company uses judgment when it examines whether it is providing a significant service of integrating the goods or services in the contract into one integrated outcome.	A change in the timing of recognizing revenue over the period of the contract.	See Note 20 regarding revenue from contracts with customers.
Fair value of share-based payments	The fair value of share-based payments is determined upon initial recognition by an acceptable option pricing model.	The inputs to the model include share price, exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield,	See Note 15 regarding share based payments.

Note 2 – Basis of presentation (Cont.)

C. Classification of expenses recognized in the statement of income

The classification of expenses recognized in the statement of income is based on the nature of the expense. This method of classification is appropriate for understanding the business of the Company, which provides a wide range of services.

D. Determination of fair value

When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

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.

E. Historical cost basis

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2.

F. Reporting currency

The financial statements of the Company are presented in CAD", which is the Company's reporting currency, and all values are rounded to the nearest thousands, except when otherwise indicated.

G. Operating cycle

The operating cycle of the Company is one year. Thus, current assets and current liabilities include items the realization of which is intended and anticipated to take place within one year.

H. Consolidated financial statements

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries).
Significant intercompany balances and transactions and gains or losses resulting from intercompany transactions are f eliminated in the consolidated financial statements.

CAD in thousands (except for number of shares and share price)

Note 2 – Basis of presentation (Cont.)

I. Investment in Associate joint venture company

Associates join venture company in which the Company has significant influence over the financial and operating policies without having control, are accounted for based on the equity method.
Under the equity method, the investment in the associate joint venture company is presented at cost with the addition of post-acquisition changes in the Company's share in net assets, including other comprehensive income of the associate or the joint venture. Gains and losses resulting from transactions between the Company and the associate joint venture are eliminated to the extent of the interest in the associate joint venture.
Losses of an associate in amount exceeding its equity are recognized by the Company to the extent of its investment in the associate plus any losses that the Company may incur as a result of a guarantee or other financial support provided in respect of the associate. For this purpose, the investment includes long-term receivables (such as loans granted) for which settlement is neither planned nor likely to occur in the foreseeable future.

J. Foreign currency transactions

<u>Functional currencies</u>

The New Israel Shekel ("NIS") USA Dollar and the Euro are the currencies of the primary economic environment in which the operations of the Company, the Spanish subsidiary and the USA investee company are conducted, respectively (hereafter: "Functional Currencies").
the consolidated financial statements are presented in CAD (hereafter: "Presentation Currency").
the translation from Functional Currencies to Presentation Currency performed as follow: (1) all assets and liabilities were translated using the closing exchange rate as of the balance sheet date; (2) equity items were translated using historical exchange rates; (3) items of comprehensive income/loss, unless this is not practicable to assess the cumulative effect of the rates prevailing on the transaction dates; were translated at the average exchange of each reported yea ; and (4) the resulting translation differences have been reported as foreign currencies translation adjustments within other comprehensive income/loss.

<u>Transactions, assets and liabilities in foreign currency</u>

Transactions denominated in foreign currencies are initially recognized functional currency at the exchange rate at the date of the transaction. Following the initial recognition, monetary assets and liabilities denominated in foreign currency are remeasured to the functional currency at the exchange rate of each reporting date. Exchange rate differences are recognized in profit or loss.
Non-monetary assets and liabilities denominated in foreign currency and measured at cost are measured at the exchange rate at the date of the transaction.
Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are measured into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Note 3 - Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Company except when otherwise indicated.

A. Cash and cash equivalents

Cash and cash equivalents include cash balances available for immediate use and call deposits. Cash equivalents are considered as highly liquid investments, including unrestricted highly liquid investments and short-term bank deposits with an original maturity of three months or less from the date of acquisition

or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Company's cash management. Short-term highly liquid investments (with original maturities of three months or less) consist of readily convertible into known amounts of cash and are exposed to insignificant risks of change in value.

B. Share based payments transactions

Share-based payment transactions of the Company equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 15.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.
Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

C. Earnings (Loss) per share

Earnings per share are calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the period. The Company's share of earnings of investees is included based on the earnings per share of the investees multiplied by the number of shares held by the Company.
If the number of Ordinary Shares outstanding increases as a result of a capitalization, bonus issue, or share split, the calculation of earnings per share for all periods presented are adjusted retrospectively.
Potential Ordinary shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share.

Note 3 - Material Accounting Policies (Cont.)

D. Revenue recognition

Revenue from contracts with customers is recognized when the control over the goods or services is transferred to the customer generally upon delivery of the goods to the customer. The transaction price is the amount of the consideration that is expected to be collected based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

Income derived from contracts of granting license for distribution, trademark and technology of the Company are recognized ratably over the duration of the contracts.

E. Inventory

Inventories is valued at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and direct costs incurred in bringing the inventories to their present location and condition.

Products being processed and finished products are valued based on average cost that includes materials, work and other direct and indirect expenses.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The Company periodically evaluates the condition and age of inventories and accordingly recognize an adequate valuation allowance for slow moving of dead inventories.

During 2023 and 2022, the financial statements do not include a valuation allowance that was recognized in respect of slaw moving inventory.

F. Intangible assets

Research and development expenditures

Research expenditures are recognized in profit or loss when incurred. Costs incurred in an internal development project are recognized as an intangible asset only if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the ability to measure reliably the expenditures attributable to the intangible asset during its development These asset is measured at cost less any accumulated amortization and any accumulated impairment losses. Amortization of the asset begins when development is completed, and the asset is available for use.

For all the reporting periods, the above criteria have not been met and therefore all development costs have been recognized as an expense in profit or loss.

G. Financial instruments

(1) Financial assets

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Company classifies and measures debt instruments in the financial statements based on the following criteria:

- The Company's business model for managing financial assets; and
- The contractual cash flow terms of the financial asset.

J. Financial instruments (Cont.)

Debt instruments are measured at amortized cost when:

The Company's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.

(2) Impairment of financial assets

The Company evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss. The Company distinguishes between two types of loss allowances:

a) Debt instruments whose credit risk has not increased significantly since initial recognition, or whose credit risk is low - the loss allowance recognized in respect of this debt instrument is measured at an amount equal to the expected credit losses within 12 months from the reporting date (12-month ECLs); or

b) Debt instruments whose credit risk has increased significantly since initial recognition, and whose credit risk is not low - the loss allowance recognized is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime ECLs).

An impairment loss on debt instruments measured at amortized cost is recognized in profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

The Company has short-term financial assets such as trade receivables in respect of which the Company applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses.

Derecognition of financial assets:

A financial asset is derecognized only when:

- The contractual rights to the cash flows from the financial asset has expired; or
- The Company has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- The Company has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

(3) Financial liabilities

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, the Company measures all financial liabilities at amortized cost.

Note 3 - Material Accounting Policies (Cont.)

J. Financial instruments (Cont.)

(4) Derecognition of financial liabilities

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

K. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

L. Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

All of the Company's employees have subscribed to Section 14 of Israel's Severance Pay Law, 5723-1963 ("Section 14"). Pursuant to Section 14, the Company's employees, covered by this section, are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made on their behalf by the Company.

Payments in accordance with Section 14 release the Company from any future severance liabilities in respect of those employees. Neither severance pay liabilities nor severance pay funds under Article 14 for such employees are recorded in the Company's balance sheet. For the years, 2023 and 2022, the Company recognize CAD 33 and CAD 40 respectively related to defined contribution retirement benefit plans.

CAD in thousands (except for number of shares and share price)

Note 3 - Material Accounting Policies (Cont.)

M. Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

N. Taxes

Unrecognized deferred tax assets are reassessed by Management at each reporting date and are recognized to the extent that is probable that future taxable profits will allow the deferred income tax asset to be recovered.

As of December 31, 2023, Management believed that the deferred tax assets is not likely to be realizable in the foreseeable future and therefore has provided a valuation allowance against the deferred tax asset.

O. New and revised standards and interpretations not yet adopted

Amendments to International Accounting Standard 1 Presentation of financial statements, on the subject of classifying liabilities as current or non-current liabilities and on the subject of non-current liabilities with financial standards (below in this section - the amendments to IAS 1)

The amendments to IAS 1 clarify the guidelines regarding the classification of liabilities as current or non-current in the statement of financial position. The amendments clarify, among other things, that:

- A liability will be classified as a non-current liability if the entity has a substantial right, at the end of the reporting period, to postpone the settlement of the liability for at least 12 months after the end of the reporting period.
- The right to postpone settlement of an obligation in respect of a loan agreement for at least 12 months after the end of the reporting period is sometimes subject to the entity's compliance with the conditions stipulated in the loan agreement (hereinafter - financial standards). The classification of an obligation in respect of such a loan agreement as a current obligation or as a non-current obligation will be determined only on the basis of the financial standards which the entity is required to meet on or before the end of the reporting period. Financial benchmarks that the entity is required to meet after the end of the reporting period will not be taken into account in this determination.

CAD in thousands (except for number of shares and share price)

Note 3 - Material Accounting Policies (Cont.)

- To the extent that an obligation in respect of a loan agreement for which the entity is required to meet financial standards during the 12 months after the end of the reporting period is classified as a non-current obligation, a disclosure will be made in the notes that allows users of the financial statements to understand the risk that the obligation may meet repayment during the 12 months after the end of the reporting period. In this rule, a disclosure will be made regarding the nature of the conditions the entity is required to meet, the date of their examination, the book value of the related liabilities as well as facts and circumstances indicating that the entity may have difficulty meeting these conditions. This disclosure may refer to certain actions taken by the entity in order to prevent a potential violation of the terms as well as the fact that the entity is not complying with the terms based on the circumstances existing at the end of the reporting period.
- The entity's intention regarding the exercise of an existing right to postpone the settlement of the obligation for at least 12 months after the end of the reporting period is not relevant for the purpose of classifying the obligation.
- Settlement of an obligation can be done by way of transfer of cash, other economic resources or capital instruments of the entity. Classification of an obligation as a current obligation or as a non-current obligation will not be affected by the existing right of the other party to demand the settlement of the obligation by transferring capital instruments of the entity, if this right has been classified by the entity as part of the capital.

The amendments to IAS 1 will be applied by the Company retrospectively for annual periods beginning on or after January 1, 2024. The adoption of the amendments to IAS 1 is not expected to have a material impact on the Company's consolidated statements.

Note 4 - Cash and cash equivalents

	December 31,	
	2023	*2022
Consist of:		
Cash in banks	827	723
Bank deposit	-	272
Total	**827**	**995**

*See Note 1 A for reverse acquisition

Note 5 - Other accounts receivable

	December 31,	
	2023	*2022
Consist of:		
Government institute	19	31
Prepaid expenses	76	30
Other	19	12
Total	**114**	**73**

*See Note 1 A for reverse acquisition

CAD in thousands (except for number of shares and share price)

Note 6 - Lease

On May 10, 2021, the Company entered to a 24 months lease agreement for premises in Israel, with the following terms:

- For each month of the first year of lease – CAD 0.7 (1,667 NIS), fully paid in the amount of CAD 8 (20,004 NIS), upon signing the lease agreement.
- For each month of the second year of lease – CAD 1 (2,500 NIS), fully paid on June 2022 in the amount of CAD 12 (30,000 NIS), upon signing the lease agreement.

Amounts recognized in profit and loss:

	As of December 31,	
	2023	***2022**
Depreciation expense on right-of-use assets	-	10
Interest expense on lease liabilities	-	-

*See Note 1 A for reverse acquisition

Note 7 - Investment in associate companies

1. Joint Venture Stick-it USA.

(1) On January 2022 the Stickit LTD entered into investment agreement with Hempacco CO. whereby, the Company invest CAD 101 thousand in Stick-It USA, Inc (out of CAD 319 thousand agreed investment in share capital) and Hempacco invested CAD 255 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.

(2) Stickit LTD committed to provide Stick-it USA a license to the Company IP and license to distribute CBD Sticks within USA and Mexico.

(3) Stickit LTD and Stick-it US will enter into manufacturing and supply agreement, whereby Stick-it USA will pay CAD 319 for service rendered by the Stickit LTD, manufacturing equipment of CBD Sticks, training, and material for producing 30,000 Stickit products.

(4) As of the date of the financial position the Stickit LTD has fulfill all the above commitment to Stick-it USA , however Stick-it USA has not yet commenced business activities, in the USA and Mexico.

CAD in thousands (except for number of shares and share price)

Note 7 - Investment in associate companies (Cont.)

(5) 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.Incs.. 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 Stickit Ltd 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 Stickit Ltd 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.

2. Joint Venture Stickit -Thailand Ltd.

on January 30, 2023, Stickit LTD entered into a joint venture agreement with for the purpose of forming a private company for Extra-C sticks manufacturing at the industrial facilities of those individuals in Bangkok, Thailand.

Following the initial set-up costs the ownership of the joint venture shall be 50% StickIt and 50% local partner.

Stickit Thailand LTD 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.

During 2023 Stickit LTD granted Stickit Thailand LTD: productions rights, use of trademark rights, use of patents and distribution rights in total consideration of CAD 75 and sold raw material in total consideration of CAD 37.

Changes in Investment in associate joint venture company:

Stick-it USA

	2023	*2022
Balance at the beginning of the year	**(85)**	-
Investment	7	101
Equity in net gain (loss)	-	(186)
Balance at the end of the year	**(78)**	**(85)**

*See Note 1 A for reverse acquisition

CAD in thousands (except for number of shares and share price)

Note 7 - Investment in associate companies (Cont.)

Stick-it Thailand

	2023	*2022
Balance at the beginning of the year	-	-
Investment	-	-
Equity in net loss	(68)	-
Balance at the end of the year	**(68)**	-

Note 8 - Other accounts payable

	December 31,	
	2023	*2022
Consist of:		
Employees for salaries and related social benefits	12	46
Related parties, Note 17	281	6
Deferred income	22	-
Other	53	3
Total	**368**	**55**

*See Note 1 A for reverse acquisition

Note 9 - Shareholder's equity

	31.12.2023		*31.12.2022	
	Authorized	Issued and paid up	Authorized	Issued and paid up
Ordinary Shares	127,547,356	127,547,356	10,000,000	877,925

*See Note 1 A for reverse acquisition

(1) Ordinary Shares of 0.01 NIS par value provide its owners voting rights, participants in the shareholder's meetings, earnings participant rights, and retained earnings participants in case of company liquidation.

(2) During 2020, 50,092 Ordinary Shares were issued for a total consideration of CAD 579 (1,459 NIS thousand.

(3) During 2021, 131,997 Ordinary Shares were issued for a total consideration of CAD 2,231 (5,897 NIS thousand, out of which 65,835 Ordinary Shares were issued upon exercising stock options for an aggregated exercise price of CAD 499 (1,278 NIS thousand), see Note 15.

(4) During 2022, 10,001 Ordinary Shares were issued upon exercising stock options for an aggregated exercise price of CAD 256 (405 NIS thousand), see Note 15. of options.

Note 9 - Shareholder's equity (Cont.)

(5) As part of the share issuances during 2020-2021, 65,441 warrants were issued to investors. The warrants determine an additional exercise of NIS 40.5 per share and are for a period of 18 months. On October 2022, the Company's Board of Directors approved extension exercise date of the warrants through July 1, 2023 or the company become public with 45 day announcement advanced to the investors.

(6) 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.

(7) 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.

(8) On August 17, 2023, 3,704 Ordinary shares were issued for total consideration of CAD 53 thousand (150 NIS thousands).

Note 10 - Revenues

A. Technology license and distribution agreement with Alta Inc.

On May 5, 2023, the Stickit Ltd. entered into an agreement with Alta Inc., outlining the terms of collaboration. Pursuant to the agreement, the company will grant Alta Inc. a license to utilize its raw materials and engage in the manufacturing of its products. In consideration for these rights, Alta Inc. has agreed to provide the following:

(1) Set-up Fee: Alta Inc. will pay a set-up fee of 25,000 Canadian dollars upon the execution of the agreement. This fee covers initial access to raw materials and operational resources necessary for manufacturing.

(2) Additional Training Fee: Alta Inc. has the option to request additional training. For each additional week of training provided by the company, Alta Inc. will pay an extra fee of 15,000 Canadian dollars.

(3) Exclusive Distribution Rights: Alta Inc. has the opportunity to acquire exclusive distribution rights for the company's products within a specified territory. This exclusivity can be obtained by paying 125,000 Canadian dollars to the company, granting Alta Inc. sole distribution privileges within the designated area.

(4) According to the agreement, to maintain the exclusivity rights, Alta Inc is committed, commencing on January 1, 2024, to comply with certain annual minimum volume of purchasing from Stickit LTD.

The financial statements include CAD 93 deferred income from technology, trademark and distribution rights.

CAD in thousands (except for number of shares and share price)

Note 10 - Revenues

B. Revenue consist as follows:

	Year ended 31 December,	
	2023	*2022
Revenue from sales and services to associated companies (U.S)	-	370
Revenue from sales and services to associated company (Thailand)	138	-
Revenue from sales (Europe)	9	194
Revenue for technology, trademark and distribution (Canada)	56	-
Total	**203**	**564**

*See Note 1 A for reverse acquisition

Note 11 - Cost of revenue

	For the year ended December 31,		
	2023	**2022	**2021
Consist of:			
Raw material	13	60	52
payroll	23	102	2
Rent and maintenance	42	51	35
Depreciation	10	16	33
Import and export	-	76	-
Professional services	36	57	54
Operating and other expenses	30	58	27
Total	**154**	**420**	***203**

(1) In 2022 and 2021 include start-up costs incurred at the beginning of the business operations.

**See Note 1 A for reverse acquisition

CAD in thousands (except for number of shares and share price)

Note 12 - Research and development expenses

	For the year ended December 31,		
	2023	*2022	*2021
Consist of:			
Professional fees	33	212	167
Raw material	6	19	14
Share-based payment expenses	49	-	-
Other expense	13	22	59
Total	**101**	**253**	**240**

*See Note 1 A for reverse acquisition

Note 13 – General and administrative expenses

	For the year ended December 31,		
	2023	*2022	*2021
Consist of:			
Payroll and director and officers services (1)	511	249	231
Share-based payment	40	186	1,637
Marketing and advertising	21	11	242
Professional fees	339	44	456
Other expense	93	101	117
Total	**1,004**	**591**	**2,683**

(1) In respect of related parties see Not 17

*See Note 1 A for reverse acquisition

CAD in thousands (except for number of shares and share price)

Note 14 - Taxes on income

A. Tax rate

The Company and its subsidiary asses for tax purposes on an unconsolidated basis.
Israeli corporate tax rate applicable to the taxable income of Stickit LTD is 23% at all reported years.
The principal tax rates applicable to the subsidiary company in Spain is 25%.

B. Tax assessment

The Company and it subsidiaries have not been assessed for tax purposes considered to be final, since their incorporation.

C. Losses carry forward

As of December 31, 2023, Stickit LTD has accumulated net operating losses, of CAD 3,682 which may be carried forward and offset against taxable income in the future for an indefinite period.
With respect of deferred taxes, see Note 2 S.

D. Tax ruling for a reverse acquisition.

For the Israeli Income Tax Authority tax ruling, see Note 1 A.

Note 15 – Earnings per share

Details of the number of Ordinary Shares and loss attributable to the Company's shareholders used in the computation of loss per share:

Year ended December 31,			
2023		*2022	
Weighted number of shares	Loss attributable to equity holders of the Company	Weighted number of shares	Loss attributable to equity holders of the Company
	CAD		CAD
104,121,000	(48,916)	863,012	(733)

*See Note 1 A for reverse acquisition

Diluted net loss per Ordinary Share, does not include the effect of exercisable of stock options granted under share-based payment plans since their exercise in non-dilutive and will potentially decrease the loss per Ordinary Share.

CAD in thousands (except for number of shares and share price)

Note 16 - Share based payments

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.

Options granted under 2022 ESOP shall be expired following 1.5 years from granting date.

On June 2021, the Company's Board of Directors approved a share option plan (the "2021 ESOP") to grant certain employees and service providers of the company options to purchase 180,000 Ordinary shares of the Company at nominal value of 0.01 NIS par value.

Options granted under 2021 ESOP shall be expired following 2 years from granting date.

Following is a summary of the status of the stock options plan as of December 31, 2020 and 2021, and the changes during the years ended on these dates:

	Year ended December 31			
	2023		*2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of year	153,957	4.202	153,957	4.202
Changes during the year:				
Granted	26,070	2.84	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Options outstanding at end of year	180,027	4.01	153,957	4.202
Options exercisable at year-end	153,286	3.61	102,804	4.202

*See Note 1 A for reverse acquisition

As of June 2021, the Company granted in total 173,957 share options to its employees. The total fair value of the share options is approximately 4,430 thousand NIS.
Of the above options, 60,673 matured during 2021, 78,284 matured in equal quarterly installments starting from the 1st quarter of 2021 and 35,000 matured 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 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 in total 45,000 share options to Eli Ben Harosh, CEO and founder of the company. The total fair value of the 45,000 share options is approximately 1,167 thousand NIS. The share options granted are fully vested.

CAD in thousands (except for number of shares and share price)

Note 16 - Share based payments (Cont.)

The following table specifies the inputs used for the fair value measurement of stock options granted:

In January 2023, subsequent to the date of the statement of financial position, the Company granted 100,500 stock options to Mr. Eli Ben Harosh, CEO and the founder of the Company, that are immediately exercisable to 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.
In January 2023 100,500 stock options were exercised to 100,500 Ordinary Shares of the Company.

Note 17 - Balances and transactions with related parties

A. The Company's related parties consist principally, Mr. Eli Ben Haroosh, CEO of the Company, and Dr. Asher Holzer, President of the Company, see also Note 7 with respect to warrants granted under investment agreement in Stick-it USA.

B. In January 2021, Dr. Asher Holzer transferred the patent application to the Company in exchange for 1 USD. See Note 1.

C. On September 28, 2023, following the completion of the reverse merger, see Note 1 the Company and its CEO Mr. Eli Ben Harosh entered into a new service agreement for a period of 5 years. According to the agreement Mr. Eli Ben Harosh will work part time at 50% capacity for a payment of 10,000 Canadian dollars per month. Additionally, the Company will pay the CEO a monthly car allowance and reimbursement for other travel expenses totaling 2,200 Canadian dollars per month.
The CEO is entitled payments for pension and severance pay and disability compensation of 17/33% of his salary.
Pursuant to the service agreement, upon the Company reaching profitability, the CEO is entitled to 0.5% out of the annual income of the Company and Stickit Ltd. will recommend the Company to grant restricted stock units (RSUs) to the CEO an amount equal to up to 500,000 shares of Stickit Ltd according the merger exchange ratio. The RSUs will vest during 3 years in 3 equal portions and further subject to certain milestone as shall be determined by The Company's board.
As of December 31 ,2023, the RSUs were not granted to the CEO under the agreement.
The agreement provided that the terms and condition shall be applied with retroactive effect to March 1, 2021.
The financial statements include a reserve of CAD 181 to cover the total liability of the Company to the CEO.

D. On September 28, 2023, following the completion of the reverse merger, see Note 1, the Company and Dr. Asher Holzer entered into a new service agreement for a period of 5 years. According to the agreement Dr. Asher will work part time at 50% capacity for a payment of 10,000 Canadian dollars per month. The agreement provided that the terms and condition shall be applied with retroactive effect to October 1, 2019.
The financial statements include a reserve of CAD 90 to cover the total liability of the Company to the Dr. Asher Holzer.

CAD in thousands (except for number of shares and share price)

Note 17 - Balances and transactions with related parties (Cont.)

A. Balances with related parties:

	December 31	
	2023	***2022**
Accounts payable	281	49
Accounts receivable Stick-it Thailand, Note 5	42	-

B. Transactions with related parties:

	For the year ended December 31,		
	2023	***2022**	***2021**
Consist of:			
Sales to associates	183	370	-
Compensation for services (CEO and President)	468	328	220
Shared based compensation, Note 15	-	-	100

*See Note 1 A for reverse acquisition

(1) With respect of transaction with associate company Stick-it USA, see Note 7.

(2) With respect of a joint venture associate company Stick-it Thailand, see Note 7.

Note 18 – Disclosure of geographical segments

For l details regarding revenue generated in different territories as reviewed by the CODM, see Note 10.

Note 19 - Financial instruments

Financial risk management objectives and policies:

The Company's principal financial liabilities are comprised of trade and other payables, and convertible loans. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The financial risk is managed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and objectives. The Board reviews and approves the policies for each of the risks summarized below.

CAD in thousands (except for number of shares and share price)

Note 19 - Financial instruments (Cont.)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks, such as share price risk and commodity risk.

Foreign currency risk

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 foreign currency risk relates primarily to the Company's continuing operation (when revenue or expense is recognized in a different currency from the Company's functional currency) .

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations as a customer or under a financial instrument leading to a loss to the Group. 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.

Liquidity risk

The Company's exposure to liquidity risk is dependent on the Company ability to meet the factors of the business plan designed by Management, forecasts and related key assumption, and cash flow projection.
As part of their ongoing responsibilities, the Company's Board of Directors and Management are undertaking 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.